

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
MAY 22, 2013  
APPLICATION SUMMARY

NAME OF PROJECT: NHC at Indian Path, LLC

PROJECT NUMBER: CN1212-059

ADDRESS: 2300 Pavilion Dr.  
Kingsport (Sullivan County), Tennessee 37660

LEGAL OWNER: NHC at Indian Path, LLC  
100 Vine Street  
Murfreesboro, TN (Rutherford County), TN 37130

OPERATING ENTITY: Not applicable

CONTACT PERSON: Bruce K. Duncan  
(615) 890-2020

DATE FILED: December 12, 2012

PROJECT COST: \$10,385,615.00

FINANCING: Cash Reserves

REASON FOR FILING: The replacement and relocation of a twenty-two (22) bed existing skilled nursing home and the addition of thirty (30) new Medicare skilled private nursing home beds. *The thirty (30) new Medicare skilled nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2012 to June 2013 state fiscal year period.*

DESCRIPTION:

NHC at Indian Path, LLC, a subsidiary of National HealthCare Corporation (NHC) of Murfreesboro, Tennessee, is seeking approval for the replacement of a twenty-two (22) bed skilled nursing home and the addition of thirty (30) new Medicare certified skilled nursing home beds to a renovated structure that will

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house a fifty-two (52) bed nursing home at 2300 Pavilion Drive, Kingsport (Sullivan County), Tennessee. The current and proposed nursing home sites are both located on the Indian Path Medical Center campus. The current twenty-two (22) skilled nursing home beds are located at 2200 Brookside Drive, Kingsport, TN in an existing building on the Indian Path Medical Center campus. The proposed site is the former Indian Path Pavilion, a psychiatric facility also located on the Indian Path Medical Center campus. *The thirty (30) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2012 to June 2013 state fiscal year period.*

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

**NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

**A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

*See step 2 below for the Nursing Home Bed Need calculation.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

*According to the bed formula developed in the 1990s prior to the unimplemented Choices Act of 2008, the TN Department of Health (TDH), Division of Health Statistics calculated the 2013 bed need for Sullivan County to be 1,460 nursing home beds.*

*It appears that this criterion has been met.*

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

*The TDH indicates that there are currently 995 nursing home beds in Sullivan County. According to the Division of Health Statistics, with no outstanding Certificates of Need, there is an existing bed need for 465 additional beds.*

*It appears that this criterion has been met.*

*\*Note to Agency Members Regarding Bed Need Formula: The formula was included in a 1996 amendment to the statute governing the development of new nursing home beds. The formula was based upon a population-based methodology that did not consider levels of care (skilled or non-skilled) or payment sources (Medicare, Medicaid, 3rd party). Institutional care was the norm and there were limited, if any, home and community-based care options. The Long-Term Care Community Care Community Choices Act of 2008 (CHOICES) and the 2012 changes in Nursing Facility Level of Care Criteria for TennCare recipients have impacted nursing home occupancies in TN. According to TCA 68-11-1622, the Agency shall issue no certificates of need for new nursing home beds other than the one hundred twenty-five beds included per fiscal year (commonly referred to as the 125-bed pool). These beds must be certified to participate in the Medicare skilled program. This does not preclude a nursing home from dually certifying beds for both Medicare and Medicaid.*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service

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recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

*The applicant states the project's service area will be Sullivan County. The majority of the service area population is within 30 minutes travel time of the proposed facility.*

*It appears that this criterion has been met.*

5. The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

*It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard.*

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard.*

#### **B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*The applicant states the proposed skilled nursing home projects an annualized occupancy over 90% after two years of operation.*

*It appears that this criterion has been met.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with

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quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*There are six (6) nursing home facilities in Sullivan County (that have more than 50 beds). Collectively, those facilities reflected an 87.5% occupancy rate using 2011 JAR data (provisional). There was one nursing home that attained an occupancy rate in excess of 95%. The applicant has provided a table on page 40, Attachment Section C. General Criteria-2B, of Sullivan County Nursing Facilities State Survey Results by Number of Deficiencies. The average number of state survey service area deficiencies other than the applicant is 11.7 per facility, which is higher than the average statewide number of health deficiencies of 7.3. Indian Path Medical Center-TCU's last survey in July 28, 2011 reflected one deficiency.*

*It appears that this criterion has not been met.*

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*The occupancy rate of Indian Path Medical Center-Transitional Care Unit in 2011 was 77.6%. The applicant states the unit is operated within an acute care unit and historically has not operated an occupancy rate of 95% due to the number of beds available and based on how hospital based skilled nursing home units typically operate.*

*It appears that this criterion has not been met.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This application is for a new fifty-two (52) bed nursing home.*

*It appears that this criterion has been met.*

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SUMMARY:

The applicant indicates NHC at Indian Path, LLC plans to acquire Indian Path Pavilion with the goal of converting the former specialty hospital into a fifty-two (52) bed skilled nursing facility with a focus on rehabilitation services. Included in the sale is a twenty-two (22) bed nursing home that is certified as a Medicare only skilled nursing home owned by the seller, Mountain States Health Alliance (MSHA). The structure has a gross building area of approximately 47,381 square feet. The building was constructed 29 years ago in two phases, the first phase opened in 1982 and the second in 1988. Indian Path Pavilion was closed and vacated in 2009, following Mountain State Health Alliance's (MSHA) plan to consolidate its private behavioral health inpatient programs from two hospitals (one in Sullivan County and the other in neighboring Washington County) onto one campus at Woodridge Psychiatric Hospital in Johnson City (Washington County), Tennessee. Since 2009, the Indian Path Pavilion facility has been used for storage of documents and equipment by MSHA. Currently, the applicant's twenty-two bed home is located at 2200 Brookside Drive, Kingsport, TN in a building next to Indian Path Medical Center. The applicant proposes to move from its current location to a new location (Indian Path Pavilion) also located on the Indian Path Medical Center campus.

The applicant, NHC at Indian Path, previously submitted an application (CN1106-022W) that was scheduled to be heard at the February 22, 2012 Agency meeting for the establishment of a new thirty (30) bed nursing home certified for Medicare participation. The applicant made the decision to withdraw the application prior to Agency review. The withdrawn project was also planned to be located at the former Indian Path Pavilion.

NHC will acquire the 49,124 square foot building and 14.7 acres of land through a 99 year land lease. According to the project architect's letter, the applicant plans renovations to 42,996 square feet of the facility with new construction of an additional 3,862 square feet within this current project proposal. The square footage and cost per square footage chart is located on page 11 of the application. NHC states its plan for this Certificate of Need application is to:

- 1) Make the facility compliant with current building codes (where applicable)
- 2) Meet State requirements for licensed nursing beds
- 3) Create a contemporary nursing facility providing extensive rehab services, and

- 4) Provide an inventory of fifty-two (52) licensed beds with the ability to expand to sixty (60) beds in the future as the market dictates.

NHC indicates their construction and renovation plans for this project include five (5) distinct categories:

- 1) **Major renovations** – the existing patient rooms and therapy spaces will be the focus of significant renovations that will modernize the spaces and bring them to current standards (spatial, code and regulatory). Preliminary plans indicate about 27,500 square feet or approximately 60% of the structure will receive major renovations. These works would include new space layouts requiring wall construction, HVAC modifications, and new systems, finishes, cabinetry, etc.
- 2) **New Construction** – eight rooms are being constructed to add to two nurses' stations which will increase the bed count to 15 beds per station. The gross building area to be added with new construction will be approximately 3,862 square feet.
- 3) **Interior Upgrades** – significant parts of the facility only require cosmetic upgrades. NHC will replace wall finishes, flooring, ceiling tiles and selected upgrades of light fixtures. Approximately 14,400 square feet will receive interior upgrades.
- 4) **Existing space reused "as is"** – The kitchen and mechanical and electrical rooms will be used as is. No significant renovation work is anticipated. Equipment and systems will either be repaired or replaced to insure proper operation.
- 5) **Unused Space** – Approximately 16,361 square feet of space in the building will not be used by the proposed 52 bed Skilled Nursing Facility (SNF). However, NHC plans to renovate approximately 10,700 square feet of this space to provide administrative space for NHC entities and to prepare the building for future expansion. The applicant claims NHC will be able to save significantly if this work is done concurrently with the CON. The building is not occupied currently which makes renovations much easier and less expensive. Also remobilizing a contractor to complete a small project is very expensive. The remaining balance of unused space will be locked and patients and guests will not have access to these areas. They may be incorporated into the operations at some point in the future as the building needs are better defined and capital becomes available for necessary upgrades.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital

stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries according to the applicant.

The applicant proposes to offer the following Sub-Acute Care Services: decubiti ulcers, feeding tubes, catheters, tracheotomies, medical problems requiring IV's, or other persons requiring "sub-acute" care. In addition, the proposed project will provide physical, occupational, speech and recreational therapy services. Respite care will be provided based on bed availability.

NHC at Indian Path, LLC is a limited liability company (LLC) which has one (1) member, NHC/OP, L.P. NHC/OP, L.C. is owned 99% by National HealthCare Corporation and 1% by the limited partnership's general partner, NHC/Delaware, Inc. National HealthCare Corporation owns 100% of NHC/Delaware, Inc. NHC/OP, L.P. also owns 100% in numerous nursing facilities, assisted living, homes for the aged and home health care organizations in seven southeastern states. Twenty-four (24) of the nursing homes are located within Tennessee. Another facility is located immediately across the Virginia border in Bristol (Washington County), Virginia.

Sullivan County will be the service area of the proposed new nursing home beds. According to the Division of Health Statistics, Tennessee Department of Health (TDH), the population of Sullivan County is expected to increase by 0.36% from 154,387 residents in 2013 to 154,946 residents in 2015. The Sullivan County 2013 age 65 and older category presently accounts for approximately 19% of the total population compared to a state-wide average of 14.1% in CY 2013. The age 65 and older cohort of Sullivan County is expected to grow 4.0% from 2013 to 2017. The proportion of TennCare enrollees of the total county population is 17.7%, compared with the state-wide average of 18.8%.

Sullivan County currently has seven (7) existing nursing home facilities containing a total of 995 licensed beds, according to the Department of Health Board for Licensing Health Care Facilities web-site. The combined nursing home bed occupancy rate of existing Sullivan County providers reporting patient utilization in the 2011 Joint Annual Reports (*Provisional*) averaged 87.5%. The Sullivan County average daily census (ADC) for NF-Medicaid was 521 patients, 846 for Medicare/Medicaid certified beds, and the ADC for NF (Medicaid and non-certified) was 715 patients.

**Inventory & Ave. Daily Census of Sullivan Co. Nursing Homes - 2011**

2011 Provisional JAR Period	Total Licensed Beds*	Certified Skilled Beds **	NF Beds-Medicaid	ADC-SNF	ADC NF Beds	Total ADC	Licensed Occupancy
Bristol Nursing Home	120	120	0	13	85	98	81.7%
Brookhaven Manor	180	180	0	21	137	158	87.7%
***The Cambridge House	130	130	0	18	104	122	93.9%
Greystone Health Care Center	165	165	0	30	106	136	77.4%
****Holston Manor	204	204	0	31	151	181	89.2%
Indian Path Transitional Unit (Beds-Medicare Certified only)	22	22	0	17	0	17	77.6%
The Wexford House	174	174	0	34	132	166	95.5%
<b>Sullivan County 2011 Total</b>	<b>995 total beds</b>	<b>995 beds</b>	<b>0 beds</b>	<b>164 (16% of licensed beds)</b>	<b>715 (72% of licensed beds)</b>	<b>878 (88% of licensed beds)</b>	<b>87.5%</b>

Source: TN Department of Health, Division of Health Statistics 2011 Joint Annual Reports (Provisional)  
 TN Department of Health, Board for Licensing Health Care Facilities

Notes: \*Board for Licensing Health Care Facilities

\*\* includes Medicare & dually certified beds

\*\*\*There is no 2011 JAR on file for The Cambridge House. HSDA staff obtained data directly from provider on 3-12-13.

\*\*\*\*Holston Manor 2011 Provisional Joint Annual Report data verified by HSDA staff on 3/11/13.

Using the bed need formula from the criteria for nursing homes in Tennessee's Health, Guidelines for Growth, 2000 Edition, the Department of Health projected there will be a need for 1,460 nursing home beds in Sullivan County two years forward to calendar year (CY) 2015. The projected 1,460 bed need minus the existing 995 licensed beds in 2013, and no previously approved, but unimplemented beds, results in a net bed need of 465 beds.

The following table represents Sullivan County nursing home utilization trends for the years 2009-2011. As reflected in the table, the nursing home bed occupancy rate decreased from 89% in 2009 to 87.5% in 2011 in the proposed service area of Sullivan County. Patient days decreased (1.7%) from 323,329 in 2009 to 317,982 in 2011.

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*Note to Agency Members: HSDA staff contacted The Cambridge House to obtain provisional 2011 JAR data that was in transit to the Tennessee Department of Health that has not been posted.*

*The Holston Manor 2011 Provisional JAR data was verified by HSDA staff. The correct data is reflected in the table below.*

*In addition, Bristol Nursing Home was sold in 2009. Bristol Nursing Home reported JAR data from September 1, 2009 to December 31, 2009 only. In order to obtain an accurate yearly estimate, HSDA staff used the 2009 pro-rated data and annualized 2009 patient day utilization for Bristol Nursing Home, Inc.*

**Sullivan County  
Service Area Utilization Trends (2009-2011)**

Facility	Licensed Beds	2009 Patient Days	2010 Patient Days	**2011 Patient Days	'09- '11 % change	2009 % Occupancy	2010 % Occupancy	**2011 % Occupancy
Bristol Nursing Home, Inc.	120	11,388 ****(34,164)	35,854	35,785	4.5%	78%	81.9%	81.7%
Brookhaven Manor	180	59,758	57,813	57,648	-3.5%	91.0%	88.0%	87.7%
The Cambridge House	130	44,909	44,794	44,578	-.7%	94.6%	94.4%	93.9%
Greystone Health Care Center	165	47,892	52,419	46,639	3.6%	77.2%	84.5%	77.4%
*Holston Manor	204	70,750	67,293	66,419	-6.5%	95.0%	90.4%	89.2%
Indian Path Transitional Unit	22	5,761	5,852	6,231	8.2%	71.7%	72.9%	77.6%
The Wexford House	174	60,095	60,646	60,682	8.2%	94.6%	95.5%	95.5%
<b>Total</b>	<b>995</b>	<b>323,329</b>	<b>324,671</b>	<b>317,982</b>	<b>-1.7%</b>	<b>89%</b>	<b>89.4%</b>	<b>87.5%</b>

Source: Tennessee Department of Health, Division of Health Statistics: Nursing Homes Joint Annual Reports, 2009-2011

\*Holston Manor 2011 Provisional Joint Annual Report data verified by HSDA staff on 3/11/13.

\*\*2011 Provisional Joint Annual Report Data

\*\*\*There is no 2011 JAR on file for The Cambridge House. HSDA staff verified 2011 data with provider on 3/12/13.

\*\*\*\*Bristol Nursing Home, Inc. reported 2009 JAR data for the dates 9/1/09 to 12/31/2009 only. HSDA staff annualized Data for 2009.

The applicant expects the ADC of the proposed fifty-two (52) beds to increase from approximately 24 patients per day in the first year of operations (2014) to 49 patients per day by the second year of operations (2015). The corresponding facility occupancy is 46% in Year One and 94.2% in Year Two.

Per the Projected Data Chart for the proposed fifty-two (52) bed facility, gross operating revenue on an occupancy rate of 46% is \$2,268,609.00 (\$637.06 per patient per day) in Year One of the project increasing by approximately 52% to \$11,561,689.00 on an occupancy rate of 94.2% in Year Two. The applicant projects a loss in operating income of (\$1,105,448) in project Year One increasing to a positive operating income of \$224,889.00 in Year Two. The applicant indicates it will seek contracts with twenty-four (24) insurance companies listed on page 5 of the application, as well as certification in the Medicare program. Participation in the Medicare program during the first year of operation is anticipated to be \$2,587,770 (62.5% of total gross operating revenues), while the remainder of the revenues will come from managed care plans. The applicant indicates the proposed project will not involve the treatment of TennCare participants.

In Year Two the proposed project will require a total of 63.3 FTE's. Direct care nursing staff for the replacement facility will consist of a total of 35.0 full-time equivalent (FTE) nursing personnel, including 8.4 FTE registered nurses, 4.2 FTE licensed practical nurses, and 22.4 FTE nursing aides. A table of staffing requirements for the proposed project is listed on page 116 in the attachments.

The total project cost is \$10,383,615. As reflected in the Project Costs Chart, the major portion of the total project cost results from Construction Costs (\$5,161,300), including contingency (\$516,200), Architectural and Engineering Fees (\$344,800), Acquisition of the Land and Building (\$2,703,000). Other fees include: Legal, Administrative, Consultant Fees- \$62,300.00, Fixed Equipment- \$575,700.00, Moveable Equipment- \$637,900.00, Interim Financing- \$151,100.00, CON Filing Fee- \$23,315.00, and Other Expenses- \$210,000.00. A letter dated November 5, 2012 from Donald K. Daniel, NHC Senior Vice President and Controller, attests to the availability of cash funds for the operating and working capital for the project. The applicant provided NHC's Security and Exchange Commission filing of December 31, 2011 which indicates a balance of Cash and Cash Equivalents of \$61,008,000 and a current ratio of 1.78:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

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*The applicant has submitted the required corporate and property documentation. Staff will have a copy of these documents available for member reference at the Agency meeting. Copies are also available for review at the Health Services and Development Agency office.*

Should the Agency vote to approve this project, the CON would expire in two years.

### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

*National Healthcare Corporation, LLC has a financial interest in this project and the following:*

#### **Outstanding Certificates of Need:**

**NHC Healthcare Center of Nashville, LLC, CN1107-024A**, has an outstanding certificate of need that will expire on November 1, 2014. The CON was approved at the September 28, 2011 Agency meeting for the change of site and relocation of CN1002-007A for the construction of a 150 bed nursing home from 2816 Old Hickory Boulevard, Nashville (Davidson County), TN to an unaddressed site at the intersection of HWY 100 and Pasquo Road, Nashville (Davidson County), TN. The distance is 4.1 miles or nine (9) minutes travel time from the currently approved site to the proposed site. The applicant proposes to certify 75 of the beds as Medicaid only and 75 beds as dually certified Medicaid/Medicare. The estimated project cost is **\$23,894,100.00**. *Project Status: The project currently is at the final plan and construction document stage. Construction is scheduled to begin in July 2013.*

**NHC Healthcare-Sumner, LLC, CN1108-029**, has an outstanding certificate of need that will expire on December 1, 2014. The CON was approved at the October 26, 2011 Agency meeting for the relocation of two previously approved Certificates of Need projects for 1) a sixty-two (62) bed Medicare certified nursing home project issued as CN0702-014AE and 2) the addition of thirty (30) new Medicare certified nursing home beds granted as CN0808-057AE for a project total of ninety-two (92) bed nursing home located on Nashville Pike (Hwy 31E) near Kennesaw Blvd.(on Parcels 22.01 and 24.04 on Sumner County Property tax Map 1.36, Gallatin, TN 37066). The ninety-two (92) beds will be certified as Medicare-only nursing home beds. The estimated project cost is

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**\$17,902,991.00.** *Project Status: Construction documents should be completed by the end of April 2013 and issued to General Contractors for bidding purposes. Contractor bids should be received by the end of May and construction should begin by July 1, 2013.*

**NHC Healthcare Tullahoma, CN1007-030A**, has an outstanding certificate of need that will expire on December 1, 2013. The CON was approved at the October 27, 2010 Agency meeting for the relocation of CN0807-050A comprised of sixty (60) nursing home beds, and the addition of thirty (30) new Medicare certified nursing home beds for a total of ninety (90) nursing home beds from 30 Powers Ridge Road, Manchester (Coffee County), TN to a yet to be addressed site at Cedar Lane and Seventh Street, Tullahoma (Coffee County), TN. The additional thirty (30) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2010 to June 2011 state fiscal year period. The estimated project cost is **\$14,449,438**. *Project Status: The project is in progress. The December 2012 Annual Progress Report indicated 40% of underground plumbing and electrical, 50% of slab and 25% of site utilities were completed. The applicant expects to have construction completed by August 15, 2013.*

**CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no other Letters of Intent, denied applications, pending applications, or Outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

PME 3/12/2013

# NURSING HOME BED POOL STATS

**July 1, 2012 – June 30, 2013**

**125 BED POOL**

**NH BEDS APPROVED**

**0 NURSING HOME BEDS**

**NH BEDS PENDING**

**60 NURSING HOME BEDS**

**SWING BEDS APPROVED**

**6 SWING BEDS**

**SWING BEDS PENDING**

**0 SWING BEDS**

**TOTAL BEDS DENIED**

**0 BEDS**

**SUBTOTAL-- BEDS REQUESTED**

**66 BEDS**

**TOTAL BEDS AVAILABLE FROM POOL**

**119 BEDS**

**(TOTAL PENDING BEDS)**

**(60 BEDS)**

<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITION</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Hamilton	CN1207-032	Shallowford Healthcare, LLC	<b>WITHDRAWN</b>	<del>11/14/2012</del> 12/12/2012	The establishment of a thirty (30)* skilled bed nursing home (subject to the 2012-2013 Nursing Home Bed Pool). This is the second of two (2) applications, both for thirty (30)* skilled nursing home beds--the first application, CN1206-028 (subject to the 2011-2012 Nursing Home Bed Pool). The applicant plans to eventually operate a sixty (60) bed facility. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued.
Fentress	CN1211-055	HMA Fentress County Hospital, LLC d/b/a Jamestown Regional Medical Center	<b>Approved</b>	2/27/2013	The conversion of six (6) existing acute care hospital beds to swing beds. The initiation of the swing bed service will not affect the licensing bed complement of the hospital. No other services will be initiated or discontinued, and no major medical equipment is requested. No facility renovations are required for this project.
Sullivan	CN1212-059	NHC at Indian Path, LLC	<b>PENDING</b>	3/27/2013	The replacement and relocation of the twenty-two (22) bed Indian Path Medical Center Transitional Care Unit and the addition of thirty (30) new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain fifty-two (52) Medicare-only (skilled) nursing home beds.

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Shelby	CN1303-008	The Farms at Bailey Station Skilled Nursing Facility	PENDING	6/26/2013	The establishment of a skilled nursing facility consisting of thirty (30)* Medicare certified skilled nursing beds to be part of a continuing care retirement community (CCRC).
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## LETTER OF INTENT



**LETTER OF INTENT**  
**TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY**

The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper  
(Name of Newspaper)  
of general circulation in Sullivan, Tennessee, on or before December 10, 2012,  
(County) (Month / day) (Year)  
for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC at Indian Path Nursing Home  
(Name of Applicant) (Facility Type-Existing)

owned by: NHC at Indian Path, LLC with an ownership type of Limited Liability Company and to  
be managed by: NHC at Indian Path, LLC intends to file an application for a Certificate of Need  
for: the replacement and relocation of the existing licensed Indian Path Medical Center Transitional  
Care Unit comprised of all of said unit's 22 licensed beds (license number 00336), and the addition of  
30 new Medicare certified nursing home beds for a project total of 52 nursing home beds to be called  
NHC at Indian Path and located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC at  
Indian Path will be certified for Medicare participation. The project will be located in the existing  
building at the site of the old Indian Path Pavilion. The estimated project costs is \$10,385,615.

The anticipated date of filing the application is: December 14, 2012

The contact person for this project is Bruce K. Duncan Assistant Vice President  
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12<sup>th</sup> Floor  
(Company Name) (Address)

Murfreesboro  
(City)

Tennessee  
(State)

37130  
(Zip Code)

615 / 890-2020  
(Area Code / Phone Number)

  
(Signature)

12/3/12  
(Date)

Bduncan@nhccare.com  
(E-mail Address)

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The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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**COPY**

**NHC At Indian  
Path, LLC**

**CN1212-059**

2012 DEC 12 PM 3 01

CERTIFICATE OF NEED APPLICATION

APPLICANT: **NHC AT INDIAN PATH, LLC**

AUTHORIZED  
REPRESENTATIVE: **BRUCE K. DUNCAN  
NATIONAL HEALTHCARE CORPORATION  
100 VINE STREET, 12TH FLOOR  
MURFREESBORO, TN 37130  
615-890-2020**

PROJECT: **New 52 Bed Nursing Home to be called, NHC at Indian  
Path, located in Sullivan County, Tennessee.**

Submitted to  
the State of Tennessee  
Health Services & Development Agency  
500 James Robertson Parkway  
Suite 760  
Nashville, TN 37219

December 12, 2012

**SECTION A:**

1.	<u><b>Name of Facility, Agency, or Institution</b></u> <u>NHC at Indian Path</u> Name <u>2300 Pavilion Dr</u> Street or Route <u>Kingsport</u> <u>Tennessee</u> <u>37660-4622</u> City State Zip Code					
2.	<u><b>Contact Person Available for Responses to Questions</b></u> <u>Bruce K. Duncan</u> <u>Assistant Vice President</u> Name Title <u>National HealthCare Corporation</u> <u>bduncan@nhccare.com</u> Company Name Email address <u>100 Vine Street</u> <u>Murfreesboro</u> <u>TN</u> <u>37130</u> Street or Route City State Zip Code <u>Employee</u> <u>615-890-2020</u> <u>615-890-0123</u> Association with Owner Phone Number Fax Number					
3.	<u><b>Owner of the Facility, Agency or Institution</b></u> <u>NHC at Indian Path, LLC</u> <u>615-890-2020</u> Name Phone Number <u>100 Vine Street</u> <u>Rutherford</u> Street or Route County <u>Murfreesboro</u> <u>Tennessee</u> <u>37130</u> City State Zip Code					
4.	<u><b>Type of Ownership or Control (Check One)</b></u> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> A. Sole Proprietorship _____  B. Partnership _____  C. Limited Partnership _____  D. Corporation (For Profit) _____  E. Corporation (Not-for-Profit) _____ </td> <td style="width: 50%; vertical-align: top;"> F. Government (State of TN or _____  Political Subdivision)  G. Joint Venture _____  H. Limited Liability Company <u>X</u>  I. Other (Specify) _____  _____ </td> </tr> </table>				A. Sole Proprietorship _____ B. Partnership _____ C. Limited Partnership _____ D. Corporation (For Profit) _____ E. Corporation (Not-for-Profit) _____	F. Government (State of TN or _____ Political Subdivision) G. Joint Venture _____ H. Limited Liability Company <u>X</u> I. Other (Specify) _____ _____
A. Sole Proprietorship _____ B. Partnership _____ C. Limited Partnership _____ D. Corporation (For Profit) _____ E. Corporation (Not-for-Profit) _____	F. Government (State of TN or _____ Political Subdivision) G. Joint Venture _____ H. Limited Liability Company <u>X</u> I. Other (Specify) _____ _____					

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

NHC at Indian Path, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC at Indian Path, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. **Please see Attachment "Section A, Applicant Profile - 4 Type of Ownership or Control" located at the end of the CON application on page 2 for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by NHC/OP, L.P.**



5. **Name of Management/Operating Entity (If Applicable)****Not Applicable**

Name \_\_\_\_\_

Street or Route \_\_\_\_\_

County \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

**PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

6. **Legal Interest in the Site of the Institution (Check One)**

- |                         |       |   |          |
|-------------------------|-------|---|----------|
| A. Ownership            | _____ | D. Option to Lease *                                    | <u>X</u> |
| B. Option to Purchase   | _____ | E. Other (Specify) _____                                | _____    |
| C. Lease of _____ Years | _____ | *Land Lease is included in the building purchase price. |          |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

**Please see Attachment "Section A, Applicant Profile - 6 Legal Interest in the Site" located at the end of the CON application on page 13.**

7. **Type of Institution (Check as appropriate--more than one response may apply)**

- |  |       |  |          |
|--|-------|--|----------|
| A. Hospital (Specify) _____  | _____ | I. Nursing Home                              | <u>X</u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty    | _____ | J. Outpatient Diagnostic Center              | _____    |
| C. ASTC, Single Specialty  | _____ | K. Recuperation Center                       | _____    |
| D. Home Health Agency  | _____ | L. Rehabilitation Facility                   | _____    |
| E. Hospice   | _____ | M. Residential Hospice                       | _____    |
| F. Mental Health Hospital  | _____ | N. Non-Residential Methadone Facility        | _____    |
| G. Mental Health Residential Treatment Facility                    | _____ | O. Birthing Center                           | _____    |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | _____ | P. Other Outpatient Facility (Specify) _____ | _____    |
|  |       | Q. Other (Specify) _____                     | _____    |

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

- |  |       |   |          |
|--|-------|---|----------|
| A. New Institution   | _____ | G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: <i>Increase, Decrease, Designation, Distribution, Conversion, Relocation</i> ] | <u>X</u> |
| B. Replacement/Existing Facility   | _____ |   |          |
| C. Modification/Existing Facility  | _____ |   |          |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | _____ |   |          |
| E. Discontinuance of OB Services   | _____ | H. Change of Location   | <u>X</u> |
| F. Acquisition of Equipment  | _____ | I. Other (Specify) _____  | _____    |

9. **Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>Beds CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	<u>22</u>	_____	<u>22</u>	<u>30</u>	<u>52</u>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
Swing Beds	_____	_____	_____	_____	_____
S. Mental Health Residential Treatment	_____	_____	_____	_____	_____
T. Residential Hospice	_____	_____	_____	_____	_____
U. <b>TOTAL</b>	<u>22</u>	_____	<u>22</u>	<u>30</u>	<u>52</u>

10. Medicare Provider Number \_\_\_\_\_ Change of Ownership to be applied for with CMS  
 Certification Type \_\_\_\_\_ Nursing Home

11. Medicaid Provider Number \_\_\_\_\_ N/A  
 Certification Type \_\_\_\_\_ Nursing Home

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A Center is not new.

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? No If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

***Discuss any out-of-network relationships in place with MCOs/BHOs in the area.***

NHC at Indian Path will seek contracts with the following:

Aetna Health Care  
 Blue Cover TN  
 Blue Cross Blue Shield  
 Cariten  
 CCN Managed Care  
 ChampVA  
 Choice Care  
 Cigna Healthcare  
 CompPlus  
 Initial Group  
 John Deere  
 National Preferred Provider Network  
 Preferred Health Partnership  
 Signature Health Alliance  
 TriCare  
 United Health of TN  
 United Mine Workers Health & Retirement Funds  
 Vanderbilt Health Plans  
 Blue Advantage  
 Humana  
 Medicare Complete  
 Secure Horizon  
 Sterling Health Plan  
 Wellcare

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. **Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

**Proposed Services & Equipment:** The proposed project is for the replacement and relocation of the existing licensed Indian Path Medical Center Transitional Care Unit comprised of all of said unit's 22 licensed beds (license number 00336) and the addition of 30 new Medicare certified nursing home beds for a project total of 52 nursing home beds to be called NHC at Indian Path and located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC at Indian Path will be located adjacent to Mountain States Health Alliance's (MSHA) Indian Path Medical Center.

**Ownership Structure:** NHC at Indian Path, LLC (Limited Liability Company)

**Service Area:** Sullivan County

**Need:** Based on the Skilled Bed Need methodology found in the Guidelines for Growth 2000, there is a need for an additional 440 nursing home beds in Sullivan County projected for 2014. Thirty (30) new beds are being requested as part of this CON which represents 6.8 percent of the beds projected to be needed in the Guidelines for Growth for 2014. The 125 bed pool which is effective from July 1, 2012 through June 30, 2013 will be affected. There are currently 125 beds left in the pool as of this filing.

**Existing Resources:** The site and building to be used for the proposed project is the facility formally known as Indian Path Pavilion. While NHC is purchasing the building which is currently empty, MSHA has entering into a 99 year land lease with NHC at Indian Path, LLC. The land lease is included in the total purchase price reflected on the capital cost table. NHC has extensive operating experience in the Tri-Cities area, specifically in Sullivan County, Virginia, where it has operates NHC HealthCare, Bristol since 1973. NHC will use its resources and experience in the area to help staff and attract patients.

**Project Cost:** \$10,385,615

**Funding:** The project will be funded along with working capital, from NHC's cash on hand.

**Financial Feasibility:** The Projected Data Chart demonstrates the project is financially feasible by year two with positive net operating income less capital expenditures.

**Staffing:** 6.32 Direct Hours of Nursing per day (Year 1)  
4.46 Direct Hours of Nursing per day (Year 2)

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

NHC at Indian Path, LLC ("NHC") is applying for a Certificate of Need ("CON") to license and operate a new 52 bed nursing home adjacent to Indian Path Medical Center. **Please see letter of intent/agreement between Mountain States Health Alliance (MSHA) and NHC included in the Attachment "Section A, Applicant Profile – Item 6 Legal Interest in the Site" on page 13 at the end of the application.**

NHC is acquiring Indian Path Pavilion with the goal of converting the former specialty hospital into a skilled nursing facility with a focus on rehabilitation services. The structure has a current gross building area of approximately 47,381 sq ft. The building was constructed 29 years ago in two phases, the first phase opened in 1982 and second in 1988.

Indian Path Pavilion, was originally closed due to the fact that having two private behavioral health hospitals offering similar services in adjacent counties was no longer a viable option for MSHA due to diminishing volumes, economic constraints and reductions in reimbursement coverage, which has negatively impacted operations at Indian Path Pavilion and Woodridge Hospital. Consolidating services under one facility allowed MSHA to continue offering this treatment in the region in a more efficient and financially feasible manner. Indian Path Pavilion was vacated in August 2009. Since 2009, the facility has been used for storage of documents and equipment by Mountain States Health Alliance.

NHC plans for this CON project are to: make the facility compliant with current building codes (where applicable), meet Agency requirements for licensed nursing beds, create a contemporary nursing facility providing extensive rehab services, and provide an inventory of 52 licensed beds with the ability to expand to 60 beds in the future as the market dictates.

Our construction and renovation plans for this project include five distinct categories.

1. Major renovations-the existing patient rooms and therapy spaces will be the focus of significant renovations that will modernize the spaces and bring to current standards (spatial, code, and regulatory). Preliminary plans indicate that approximately 27,500 sq ft or approximately 60% of the structure will receive major renovations. These works would include new space layouts requiring wall construction, HVAC modifications, and new systems, finishes, cabinetry, etc.
2. New construction-eight rooms are being constructed to add to two nurses' stations to increase the bed count to 15 beds per station. The gross building area to be added with new construction will be approximately 3,862 sq ft.
3. Interior upgrades-significant parts of the facility only require cosmetic upgrades. NHC will replace wall finishes, flooring, ceiling tiles and selected upgrades of light fixtures. Approximately 14,400 sq ft will receive interior upgrades.

4. Existing space reused "as is"-The kitchen and mechanical and electrical rooms will be reused as is. No significant renovation work is anticipated in these areas. Equipment and systems will either be repaired or replaced to insure proper operation.
5. Unused space- Approximately 16,361 sq ft of space in the building will not be used by the proposed 52 bed SNF. However, NHC plans to renovate approximately 10,700 sq ft of this space to provide administrative space for NHC entities and to prepare the building for future expansion. NHC will be able to save significantly if this work is done concurrently with the CON. The building is not occupied currently which makes renovations much easier and less expensive. Also, remobilizing a contractor to complete a small project is very expensive. The remaining balance of unused space will be locked and patients and guests will not have access to these areas. They may be incorporated into the operations at some point in the future as the buildings needs are better defined and capital becomes available for necessary upgrades.

Our program includes replacement of the nurse call system, a significant FF&E allowance for new moveable equipment, and other soft costs associated with this type of acquisition and renovations. The finished product will be a contemporary skilled nursing facility with 52 private patient rooms complemented by significant PT/OT/and Speech Rehabilitation space offering state of the art equipment and therapies.

NHC at Indian Path should be granted the proposed CON for the following reasons: NHC has a long history of providing quality long term care services in Sullivan County. The new center consisting of 52 beds will help local residents in need of long term care services to find them. The proposed project is financial feasible (see proforma projections), and lastly, it promotes the orderly development of the existing health care system in that it adds needed beds in an existing physical plant (now vacant) adjacent to Indian Path Medical Center. NHC at Indian Path, LLC is also supported by the community

#### SERVICES:

- a. Nursing Services: Licensed (RN's and LPN's) and ancillary nursing personnel will serve patients and in emergencies, area residents. In recognizing the critical role qualified nursing assistants play in the care of patients, NHC has established a pilot program with levels of certified nurse assistants (CNA).
- b. Rehabilitation Services: The center will provide physical, occupational, speech and recreational therapy services according to physician's orders as part of a rehabilitation program. These services are also available to all residents of the service area (outpatient) as part of the applicant's continuum of care.
- c. Dietary Services: All special diet needs will be met and proper nourishment will be provided at all times. NHC has implemented (and is the only long-term health care chain to do so) an American Dietetic Association-approved Dietetic Internship program whereby dietitians are chosen to train in the three major areas of dietetics within the long-term health care setting: administrative, clinical and community dietetics with an emphasis on the treatment of geriatric nutritional problems. Internists also receive training in hospitals and community health centers. Upon graduation and completion of exams, they become licensed and certified dietitians. NHC's goal is to place an ADA Dietitian in each NHC facility.
- d. Medical Director: A local physician will be employed as medical director on a consulting basis and will be available to attend to needs of our nursing home patients.
- e. Consultant Services: Advice and instructions is sought from health care professionals, including dietitians, pharmacists, gerontologists, therapists, and social workers.

- f. Housekeeping & Janitorial Services: Housekeeping and janitorial services will be provided to insure that services are rendered to patients in a clean, attractive, well-maintained and comfortable atmosphere.
- g. Laundry: Clean linens will be furnished to all patients and personal laundry services are available at a nominal charge.
- h. Patient Assessment Program: A multi-disciplinary team of health professionals will systematically conduct medical care evaluations, admission and extended duration review. The computerized patient assessment program of the applicant maintains patient-specific reports thereby enabling the professional staff to evaluate patient progress on a regular and comprehensive basis. Moreover, management can ensure the physician's orders are carried out in conformance with the highest standards of patient care. Detailed information is fed into the computer and analyzed monthly. This information shows each item of expense and need. The costs are then compared to expected standards and similar corporate facilities. A continuous effort is thus maintained in providing a first class nursing home at the lowest possible cost to the patient, his family and the state/federal government.
- i. Discharge Planning: A discharge planning coordinator will continuously monitor each patient's progress by individual contact and with the use of the patient assessment program in order to return the patient as soon as possible to the most independent living arrangements. This position is also responsible for some family support.
- j. Respite Care: NHC at Indian Path will also provide respite care based on bed availability. Respite care refers to providing nursing services to individuals in the community that are cared for in their home and whose families need a place to care for individuals for a short time while the family is away.
- k. Sub-Acute Care: NHC at Indian Path will provides Level II beds for skilled patients and will do so by providing both the physical plant and trained staff to accommodate a more complex and skilled nursing level of care. The facility will be organized and staffed accordingly to meet the needs of these patients.

NHC at Indian Path will provide services to persons with decubiti ulcers, feeding tubes, catheters, tracheotomies, medical problems requiring IV's, or other persons requiring "sub-acute" care. It is the policy of NHC at Indian Path to make available heavy skilled nursing services to patients requiring such services. The project offers sub-acute services and does so with the expertise and knowledge to do them efficiently and effectively.

NHC at Indian Path will be able to care for sub-acute patients with its increased staffing. If demand for these "heavy skilled" or "sub-acute" care beds is greater than projected, additional staff, one of the main factors determining the number of sub-acute patients the facility can serve at any given time, is added to the staffing pattern.

- l. Transportation: NHC at Indian Path will provide non-medical transportation to and from locations in the county for patients and/or volunteers who need such a service.
- m. Community Service - NHC at Indian Path will offers a number of Community Services such as health fairs and telephone reassurance for the local community.

- B. **Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

The proposed project is for the construction of a new 52 bed nursing home (22 existing beds and 30 new beds) to be located in the facility previously known as Indian Path Pavilion which closed several years ago. Since the center is vacant, the center can be renovated without initially relocating any patients. Once the center renovations are complete and NHC at Indian Path is ready for licensure, patients in the licensed Indian Path Medical Center Transitional Care Unit's 22 beds will be transferred from the hospital's unit to their nursing home center of choice. NHC at Indian Path will promote the orderly development of the health care system in that it is utilizing existing health care bed space and adds needed SNF beds in Sullivan County where there is a projected need for an additional 440 nursing home beds in 2014.



SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Admin					2,753		2,753	\$101.00		\$278,053
Kitchen					1,700		1,700	\$101.00		\$171,700
Employee Break					244		244	\$101.00		\$24,644
Laundry					815		815	\$101.00		\$82,315
Storage/Central Supply					678		678	\$101.00		\$68,478
Housekeeping					108		108	\$101.00		\$10,908
Classroom					388		388	\$101.00		\$39,188
Beauty/Barber										\$0
PT/OT/Speech					3,430		3,430	\$101.00		\$346,430
Nursing Support					2,891		2,891	\$101.00		\$291,991
Dining/Rec					5,827		5,827	\$101.00		\$588,527
Sun Porch										\$0
Public/Staff Toilets					492		492	\$101.00		\$49,692
Patient Rms & Baths					12,580	3,100	15,680	\$101.00	\$212.00	\$1,927,780
Unused		2,266								
B. Unit/Dept. GSF Sub-Total		2,266			31,906	3,100	37,272			
C. Mechanical/ Electrical GSF					1,740		1,740	\$101.00		\$175,700
D. Circulation /Structure GSF					9,350	762	10,112	\$101.00	\$212.00	\$1,105,894
E. Total GSF		2,266			42,996	3,862	49,124			\$5,161,300

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

NHC's need to provide long term care services in Sullivan County is based on two primary points. First, we are responding to ongoing discussions we have had with MSHA to deliver the increasingly needed skilled Medicare nursing home beds in the community, and specifically in proximity to their hospital, Indian Path Medical Centers. Second, NHC independently verified the need for said beds and the projected need, based on the population and currently bed inventory, but also with the State Health Plan's projected need for an additional 440 beds by 2014. Since this bed need formula projects the need for skilled Medicare beds, this need projection is not diminished by the Choices and/or Options programs. For patients being discharged from a hospital via Medicare, quite often the best and most cost effective option is a short term nursing home stay for rehab follow by home care after discharge. NHC request is being drive entirely by the local market conditions and demand for our services.

D. Describe the need to change location or replace an existing facility. **Not Applicable**

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: **Not Applicable**

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total cost ;( As defined by Agency Rule).
    2. Expected useful life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.
  - b. Provide current and proposed schedules of operations.

2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must** include:  
**Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 19 at the end of the application.**

1. Size of site (*in acres*); 14.668 Acres
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The center will be located at 2300 Pavilion Dr., Kingsport, TN. The center location is adjacent to N John B Dennis Highway 93. The center site is located across the street from Indian Path Medical Center and is accessible to the major public transportation routes of Sullivan County.

Kingsport Area Transit System (KAT) bus routes access the greater Kingsport area. KATS began in 1995 and operates five vehicles on fixed route services. In addition, KATS also operates four vehicles for ADA/handicapped route passengers. NHC's site can be accessed via the Route four line.

**Please see map and bus schedule included in the Attachment "Section B, Project Description - III (B) Bus Schedule" on page 20 at the end of the application.**

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**Please see drawing included in the Attachment "Section B, Project Description - IV Floor Plan" on page 25 at the end of the application.**

- V. For a Home Health Agency or Hospice, identify: **Not Applicable**

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

## **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

### **Five Principles for Achieving Better Health**

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

#### **1. Healthy Lives**

*The purpose of the State Health Plan is to improve the health of Tennesseans.*

While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where following an acute care stay patients would be able to receive intensive skilled nursing care and rehabilitative services at a stepped down cost from an acute care setting. The ultimate goal for all patients admitted is to return home to the least restrictive and least costly option available where the individual can live the healthiest life possible.

#### **2. Access to Care**

*Every citizen should have reasonable access to health care.*

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to long term care Medicare beds is a function of bed availability in the market. In Sullivan County, the problem exists for the acute care providers and their timely placement of Medicare nursing home patients to a qualified Medicare nursing home bed. The addition of the 30 requested Medicare beds will help to improve access to this level of care. Also, approval of the request will also help to alleviate extra patient days in acute care beds while waiting for a Medicare bed to become available, which is costly to the system and also creates access problems on the acute care side of the continuum as well.

### **3. Economic Efficiencies**

*The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.*

The proposed project speaks to the very heart of this principle at several levels. First, the project was developed in cooperation between NHC and MSHA, a long term care provider and a large hospital system. As accountable care organizations (ACO) begin to develop, with an eye to economic efficiencies and competitive markets, the state's health care system will begin to reshape itself. Ultimately, the goal of ACO's is to better serve the needs of the patient which this project is designed to do. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients utilize services at the lowest level and cost possible. NHC's average length of stay for this projected to be 29 days, which is consistent with NHC HealthCare, Bristol located in Sullivan County VA.

### **4. Quality of Care**

*Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.*

NHC as a Long term care provider is surveyed both at the State and Federal level. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. NHC compares favorably both at the State level and the national level regarding these measurements. Please see NHC Survey Analysis table located in Attachment "Section C. General Criteria - 2.B. Occupancy and Size Standards" located on page 41 at the end of the application. The attached table reflects recent quality performance. In addition, NHC's quality outcome's is also why several big health care systems are discussing establishing ACO's with NHC operations across the State of Tennessee and country.

### **5. Health Care Workforce**

*The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non profit, Foundation for Geriatric Education, since its inception in 1982, has funded over \$2,200,000 in books and academic programs for a qualified health care workforce. The company also have a tuition reimbursement program which has funded millions of dollars for direct tuition for students. In addition, the company runs several of its own training programs to educate long term care health care workers such as a two year administrator in training program, a dietetic internship program, certified nursing assistant program, and advanced geriatric therapy program. NHC is also active in the federal workforce development system in locations across our markets and locally in the Middle Tennessee area with the Middle Tennessee Workforce Development Board for over ten years.

QUESTIONS

## NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c) Not Applicable

The following has been taken from the Tennessee's Health Guidelines for Growth, Criteria and Standards for Certificate of Need, 2000.

## NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. During the fiscal year (July 1 – June 30), the Agency shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

The Tennessee General Assembly directed that there be a pool of 125 skilled nursing facility beds available for certificate of need approval in the fiscal year from July 1, 2012 to June 30, 2013. The General Assembly also directed that nursing home bed certificates of need could be issued only for Medicare – certified skilled nursing facility beds, and that no applicant receives more than 30 such beds.

A. Need

1. According to TCA 68-11-1622, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65 - 74} \\ & .0600 \times \text{pop. 75 - 84} \\ & .1500 \times \text{pop 85+} \end{aligned}$$

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2000, there is a need in Sullivan County of nursing home beds projected for 2014, or a need for an additional 440 beds in Sullivan County. **Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. Need" located on page 26 at the end of the application.** This information, which is the most current available to the department, was provided and is included here for reference.

These projections demonstrate a need based on the population growth in Sullivan County for nursing beds.



**SNF Need Formula  
Sullivan County Bed Need**

2012 DEC 12 PM 3 01

2. The need for nursing home beds shall be projected two years into the future from the current year as calculated by the Department of Health.

**Sullivan County – SNF Formula**

County Bed Need

	2014 Population	Rate	Needed Beds By Age
Population 65 & under	124,533	0.0005	62
Population 65-74	16,720	0.012	201
Population 75-84	9,189	0.06	551
Population 85+	<u>4,141</u>	0.15	<u>621</u>
	154,583		1,435
Outstanding CON's			0
Existing Beds =			995
Need =			440

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health  
Existing beds based on licensed beds, Licensed Health Facilities, TN  
Department of Health 11/1/2012

So noted by the applicant. The bed need referenced in response to Question 1 is the projected two year to show the 2014 bed need. There is a net need for an additional 440 nursing beds, per this report, well in excess of NHC's requested 30 beds.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

So noted by the applicant. The following bed inventory was reported to the referenced agency for year ending 12/31/08 through 12/31/11 for Sullivan County. In addition, there are no approved or outstanding CON's for nursing home beds in Sullivan County.

**Sullivan County Nursing Homes Occupancy  
2008 - 2011**

NURSING HOMES	2012 Licensed Beds	2008 Occupancy	2009 Occupancy	2010 Occupancy	2011 Prov. Occupancy
Bristol Nursing Home*	120	90.6%	77.8%	81.9%	81.7%
Brookhaven Manor*	180	92.7%	91.0%	88.0%	87.7%
Greystone Health Care Center*	165	77.9%	77.2%	84.5%	80.0%
Holston Manor	204	90.6%	95.0%	90.4%	129.5%
Indian Path Medical Center Transitional Care	22	78.3%	71.7%	72.9%	77.6%
The Cambridge House	130	90.8%	94.6%	94.4%	N/A
The Wexford House	174	86.8%	94.6%	95.5%	95.5%
Total	995	87.9%	83.9%	89.0%	87.0%

\* In 2009, Bristol Nursing Home reported data from 9/1/09 - 12/31/09

In 2010, Brookhaven reported 178 beds in the JAR; however, occupancy is computed for 180 licensed beds.

On 7/1/11 Greystone delicensed 5 beds for a facility total of 165 licensed beds

Cambridge House and Holston Manor are not included in the 2011 Total Occupancy

Source: 2009, 2010, 2011 JAR Reports, Schedule E Beds

2009, 2010, 2011 JAR Reports, Schedule F Utilization - Part 2, Resident Days of Care

2008 Summary Reports of Tennessee Nursing Home Data

4. **"Service area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.**

Since the proposed project is utilized by the elderly population most frequently, and the elderly often have difficulty with transportation and travel, the primary service has been determined to be Sullivan County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Sullivan County where the majority of the population of the service area is within 30 minutes travel time from the proposed facility.

**Please see Attachment "Section C General Criteria - A.4. Service Area JAR Report", on page 34 located at the end of the application that reflects nursing home resident information by county of residence for Sullivan County.**

5. **The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:**

- a. **All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and**

There are no outstanding CON projects in the proposed service area resulting in a net increase in beds to Sullivan County.

- b. **All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.**

As of the last available Joint Annual Report for Nursing Homes in 2011, all nursing homes did not have an annualized occupancy in excess of 90%. One of the licensed centers is hospital based nursing home bed unit which typically do not reach occupancy levels near 90%. In addition, another center with a lower occupancy rate has been through ownership change which often reflects on occupancy rates before and after the change. And another centers location within the county is not conveniently located to the growing population areas of Sullivan County.

#### **B. Occupancy and Size Standards:**

1. **A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

The proposed project projects over a 90 percent annual occupancy rate for all licensed beds after two years of operation.

2. **There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently non-complying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.**

**Please see Attachment "Section C. General Criteria – 2B" located on page 40 at the end of the application which shows the survey history of the nursing homes in Sullivan County.**

December 21, 2012  
10:39 am

3. **A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.**

Please note that the existing 22 beds, currently operated and licensed to Mountain States Health Alliance, Inc., in the Indian Path Medical Center, have been operated within an acute care center, seventh floor, which historically have not operated at an occupancy rate of 95 percent due to number of beds available and based on how hospital based skilled nursing home units typically operate. The occupancy rate in 2011 was 77.6%.

4. **A freestanding nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.**

Not Applicable, the proposed project is for the addition of 30 beds to an existing licensed 22 bed licensed nursing home facility.

2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any.**

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Sullivan County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Sullivan County. Our goal is to expand into the Kingsport area and provide the needed long-term services we have provided over the last 30 years to the residents of Sullivan County on the Virginia side of the State line. The building we are purchasing will accommodate another 8 nursing home beds in addition to the 52 beds which are the subject of this CON. NHC will continue to evaluate the growing needs in Sullivan County to determine if and when it would be appropriate to file and request another CON before the agency.

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

The service area for this proposed project is Sullivan County. This is a reasonable area since nursing residents prefer not to leave their local communities. **Please see the county level map in Attachment "Section C. General Criteria - 3 Service Area Map" located on page 43 at the end of the application.** The continued growth in the population group aged 65 and above as documented support the continued need for and existence of high quality of care nursing home beds in Sullivan County.

4. A. Describe the demographics of the population to be served by this proposal.

During the 20<sup>th</sup> century, the number of person in the United States under age 65 has tripled. At the same time, the number aged 65 and over has grown by a factor of 11. According to Census Bureau's projections, the elderly populations will more than double between 1995 and the year 2050, to 80 million. By that year, as many as 1 in 5 Americans could be elderly. In 2010, persons 65 and above represented 13.0% of the total population (Census 2010).

Perhaps more significant is the rapid growth expected in oldest old age group, which are more likely to need some form of nursing home care. Thanks to the arrival of the survivors of the baby boom generation, it is expected the oldest old will number 19 million in 2050. That would make them 22 percent of elderly Americans and 4.3 percent of all Americans. (U.S. Census, *The Next four Decades: The Older Population in the United States: 2010 to 2050*, 5/10)

Diagnostic Related Group (DRG) prospective payment for hospitals made a significant impact on the demand for nursing home services. The prospective payment system encourages hospitals to discharge their elderly patients to long term care facilities (Modern Healthcare, 1984). Nursing homes today still experience great demand to accommodate patients who are admitted sicker and require greater amounts of nursing care. Consequently, there exist a growing need for nursing facilities offering and providing high level and quality skilled care services (Level II). Since many of the local medical centers do not provide nursing home care, the responsibility to provide this level of service rest on local nursing home providers.

Sullivan County's age 65 and over population grew by 8.0% from 2010 to 2014. According to the Census figures, Sullivan County 85 and over population increased by 482 persons from 2010 to 2015 or 12.8% from 3,760 to 4,242 residents.

The age 65+ population in Sullivan County is projected to increase from 27,826 to 30,050, from 2010 to 2014 respectively (Source: Office of Health Statistics, TN Dept of Health) The primary population to be served by the proposal is those over the age of 65. **Please see Attachment "Section C – General Criteria – 4A Demographics of the Population Served" located on page 44 at the end of the application.**

### Sullivan County Population Projections

Age	Sullivan County				
	2010	2014	2015	2010 - 2014 % Increase	2000 - 2015 % Increase
60 - 64	10,388	10,525	10,564	1.3%	1.7%
65-74	15,163	16,720	17,137	10.3%	13.0%
75-84	8,903	9,189	9,267	3.2%	4.1%
85+	3,760	4,141	4,242	10.1%	12.8%
65+	27,826	30,050	30,646	8.0%	10.1%
Total Population	154,096	154,583	154,820	0.3%	0.5%

Source: TN Dept of Health, Office of Policy, Planning & Assessment, Division of Health Statistics

**B.**

**Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking skilled care. NHC at Indian Path is proposing to operate a 52 bed nursing home adjacent to Indian Path Medical Center in Sullivan County in an existing facility to be renovated. The services proposed herein address special needs of the population which this center will serve. The services will be made readily available to each of the following:

- (a) Low income persons;
- (b) Racial and ethnic minorities;
- (c) Women;
- (d) Handicapped persons;
- (e) Elderly; and
- (f) Other underserved persons (e.g., "sub-acute" care patients discharged from hospitals and persons with dementia).

It is and will be the centers policy to be readily accessible to low income persons, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

The information contained herein, is based on the most current published information reported by the State of Tennessee and other sources. The following bed inventory was reported to the referenced agency for year ending 11/1/12 for Sullivan County. In addition, there are no approved or outstanding CON's for new (net increase) nursing home beds in Sullivan County.

**Sullivan County Nursing Homes Occupancy  
2008 - 2011**

NURSING HOMES	2012 Licensed Beds	2008 Occupancy	2009 Occupancy	2010 Occupancy	2011 Prov. Occupancy
Bristol Nursing Home*	120	90.6%	77.8%	81.9%	81.7%
Brookhaven Manor*	180	92.7%	91.0%	88.0%	87.7%
Greystone Health Care Center*	165	77.9%	77.2%	84.5%	80.0%
Holston Manor	204	90.6%	95.0%	90.4%	129.5%
Indian Path Medical Center Transitional Care	22	78.3%	71.7%	72.9%	77.6%
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The Wexford House	174	86.8%	94.6%	95.5%	95.5%
Total	995	87.9%	83.9%	89.0%	87.0%

\* In 2009, Bristol Nursing Home reported data from 9/1/09 - 12/31/09

In 2010, Brookhaven reported 178 beds in the JAR; however, occupancy is computed for 180 licensed beds.

On 7/1/11 Greystone delicensed 5 beds for a facility total of 165 licensed beds

Cambridge House and Holston Manor are not included in the 2011 Total Occupancy

Source: 2009, 2010, 2011 JAR Reports, Schedule E Beds

2009, 2010, 2011 JAR Reports, Schedule F Utilization - Part 2, Resident Days of Care

2008 Summary Reports of Tennessee Nursing Home Data

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Annual utilization for each of the two (2) years following completion of the project.

	<u>2015</u>	<u>2016</u>
NHC at Indian Path	46.05%	94.15%

Please see Attachment, Section C, Economic Feasibility – 4, Historical & Projected Data Chart, p. 100 for the details and methodology used to project utilization.



## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

The cost of this proposed project is \$10,385,615 for 52 bed nursing home. Costs for the proposed project are based on actual cost incurred on projects undertaken by NHC and based on the experience of Johnson & Bailey, Architects. Estimates provided are considered to be consistent with past experience and to be based on sound assumptions.

Special efforts to be made by the applicant to contain the costs of offering the proposed services are the following:

- a. Group Purchasing
- b. Shared Services
- c. Energy Conservation
- d. Controlled Management Costs
- e. Cost and Quality Control

**Please see Attachment "Section C - Economic Feasibility – 1 Project Cost Chart" located on page 77 at the end of the application.**

## PROJECT COSTS CHART

A. Construction and equipment acquired by purchase: 2012 DEC 12 PM 3 01

1. Architectural and Engineering Fees \_\_\_\_\_
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees \_\_\_\_\_
3. Acquisition of Site \_\_\_\_\_
4. Preparation of Site \_\_\_\_\_
5. Construction Costs \_\_\_\_\_
6. Contingency Fund \_\_\_\_\_
7. Fixed Equipment (Not included in Construction Contract) \_\_\_\_\_
8. Moveable Equipment (List all equipment over \$50,000) \_\_\_\_\_
9. Other (Specify) \_\_\_\_\_

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land) \_\_\_\_\_
2. Building only \_\_\_\_\_
3. Land only \_\_\_\_\_
4. Equipment (Specify) \_\_\_\_\_
5. Other (Specify) \_\_\_\_\_

C. Financing Costs and Fees:

1. Interim Financing \_\_\_\_\_
2. Underwriting Costs \_\_\_\_\_
3. Reserve for One Year's Debt Service \_\_\_\_\_
4. Other (Specify) \_\_\_\_\_

D. Estimated Project Cost (A+B+C) \_\_\_\_\_

E. CON Filing Fee \_\_\_\_\_

F. Total Estimated Project Cost (D+E) \_\_\_\_\_

**TOTAL** \_\_\_\_\_

**2. Identify the funding sources for this project.**

- a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

The proposed project has the following source of funds: A commitment of working capital has been secured from National HealthCare Corporation. Debt incurred for the project will be retired as reflected on Projected Data Chart.

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.  
**Please see letter indicating the required information in Attachment "Section C Economic Feasibility - 2" located on page 81 at the end of the application.**

**3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.**

The proposed project is reasonable in relation to similar facilities in the state. The cost per bed is \$235,362 which is comparable to similar types of projects in the state taking into consideration the square footage of the building and amount of ancillary space the residents will have. Furthermore, project costs are reasonable and inline with our past experience. Thus, quality nursing services and the continuum of care will be expanded in the local area cost effectively.

**Nursing Home Construction Cost Per Square Foot  
Years: 2009 – 2011**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1st Quartile</b>	NA	\$158.44/sq. ft.	\$94.55/sq. ft.
<b>Median</b>	NA	\$167.31/sq. ft.	\$165.00/sq. ft.
<b>3rd Quartile</b>	NA	\$176.00/sq. ft.	\$168.25/sq. ft.

Source: HSDA CON approved applications for years 2009 through 2011 Due to insufficient sample size, Renovated Construction is not available.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Please see Attachment "Section C Economic Feasibility – 4 Historical & Projected Data Chart" located on page 95 at the end of the application.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge. The Projected Data Chart was used as the source for the requested calculations.

	Year One (Patient Days 8,741)	Year Two (Patient Days 17,870)
Average Gross Charge	\$637.07	\$646.99
Average Deduction	\$163.56	\$164.01
Average Net Charge	\$473.51	\$482.98

## HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Other Expenses (Specify) _____	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

**PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_\_ (Month).

2012 DEC 12 PM 3 01

	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses		
1. Salaries and Wages	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Taxes	_____	_____
5. Depreciation	_____	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Other Expenses (Specify) _____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) -- Net (Specify)	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ _____</b>

6. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Patient Charge/Reimbursement	Year 1(03/2016) <u>Proposed</u>	Year 2(03/2017) <u>Proposed</u>
Managed Care	\$441.89	\$450.73
Medicare	\$493.38	\$503.24
Medicare Part B	\$ 0.37	\$ 0.37
Other	\$ 0.36	\$ 0.37

The proposed CON project calls for the relocation, and replacement of 22 beds and the addition of 30 new beds to create a 52 bed nursing home to be called NHC at Indian Path. Please note that the existing rates for the Indian Path in Section C, Economic Feasibility, Six (6) B. Please note that since the Indian Path rates are hospital base SNF rates, they are significantly higher than the rates proposed. Consequently, once the Medicare RUG rates were projected, they were inflated 3.0% annually. The anticipated revenue from the proposed project is sufficient to produce positive net operating income in year two of \$224,889.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).**

Please see Attachment "Section C – Economic Feasibility – 6b Estimated Rates" on page 118 at the end of the application for a comparison of the proposed charges to those of similar facilities in Sullivan County. Please note that Medicare reimburses providers via a perspective payment system. Providers are compensated equally based on the particular service rendered. A comparison of the 2011 rates, provisional JAR, inflated 4.5% a year to the projected 2015 opening show the proposed charges to be similar.



**7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.**

The projected utilization rates are sufficient to maintain cost-effectiveness. Please see the proforma Projected Data Chart located in the Attachments to this CON application on page 97 including page 100 for a two-year projection showing utilization rates sufficient to maintain cost effectiveness.

**8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.**

The nursing home is projected within the second year to have sufficient positive cash flow to achieve financial viability. (Please see Projected Data Chart on page 97 of the attachments and page 81 documenting the availability of sufficient cash for the project)

**9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

The proposed project will be accessible to patients eligible for nursing home care. Medicare, insurance and private funded payment sources are accepted by the center. Patient payor mix for NHC at Indian Path has been projected in the proforma based on NHC's experience and assumptions based on the acute care market place needs.

The estimated dollar amount of revenue and percentage of total project revenue anticipated by payor source for year one is as follows:

<b>Managed Care</b>	<b>\$1,544,842</b>	<b>37.32%</b>
<b>Medicare</b>	<b>\$2,587,770</b>	<b>62.52</b>
<b>Medicare Part B</b>	<b>\$ 3,207</b>	<b>0.08</b>
<b>Misc.</b>	<b>\$ 3,127</b>	<b>0.08</b>
<b>Total</b>	<b>\$4,138,946</b>	<b>100%</b>

Source: Attachments, page 115 of the financial proforma assumptions.

**10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.**

Please see Attachment "Section C Economic Feasibility - 2 page 82 at the end of the application for the most recent audited financial statements for NHC (year end 12/31/2011) and the most current available 10Q, dated 9/30/12.

**11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:**

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.**

After compiling all of the facts, it was decided that the best alternative would be to replace and relocate the 22 beds currently operating in Indian Path Medical Center as a Transitional Care Unit, and add 30 additional Medicare skilled beds for a total of 52 beds. This proposal will allow NHC at Indian Path to meet the long-term care needs of the residents of Sullivan County and continue to offer the medical community in the Mountain States Health Alliance (MSHA), as well as other, access to a convenient high quality provider that will help to ensure continuity of care for its patients in the coming years.

- (a) Do nothing. The decision has been made by MSHA to discontinue offering its Transitional Care Unit within its hospital in the future. MSHA, in a public process, requested proposals from interested providers, to continue to offer the SNF services away from its existing hospital location. NHC was selected by MSHA as the provider/proposal that best met the hospital's needs. Our desire is to move the beds to the Indian Path Pavilion which is adjacent to the hospital campus and continue to serve the hospital and the Sullivan County residents' health care needs for years to come.
  - (b) Request more than 30 beds. This proposal was considered but rejected because the proposed thirty (30) beds with allow maximum efficiency of operation and design. The projected need in Sullivan County is for an additional 440 Medicare beds in 2014.
  - (c) Request fewer than 30 beds. This proposal was considered but rejected based on project financial feasibility and our goal to renovate the existing Indian Path Pavilion and replace the hospitals existing 22 bed SNU. To accommodate the projected growth and need for skilled beds for the year 2014, additional beds should be added. The bed need projected by the Guidelines for Growth show a need for 440 additional skilled beds by year 2014. Our request is for 30 beds to open by 2014.
  - (d) Replacement the existing 22 beds at the site of the former Indian Path Pavilion and add 30 new Medicare beds for a center total of 52 beds. This proposal was considered and accepted. By renovating the existing Indian Path Pavilion, the proposed project will be able to use existing resources and continue to offer the skilled nursing services currently provided in the hospital, in practically the same general service area of Sullivan County. The proposed site is adjacent from the exiting hospital location. This area of town is part of a medical center of town and offers good access to other areas of Sullivan County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Sullivan County.
- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

NHC has chosen an alternative to new construction by deciding to renovate and modernize the former Indian Path Pavilion facility.

### (III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Transfer agreements will be established between all relevant health care providers in the community including but not limited to the following:

HealthSouth Rehabilitation Hospital  
 Indian Path Medical Center  
 Select Specialty Hospital - TriCities  
 Wellmont Bristol Regional Medical Center  
 Wellmont-Holston Valley Medical Center  
 Other Area Kingsport, Sullivan County and surrounding health care providers

Contractual relationships will be drawn up with a Medical Director, Dietary Consultant, Physical Therapist, Medical Record Consultant, and Therapists for other treatment such as oxygen therapy. Contractual relationships are established with local dentists, optometrists, gerontologists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist is a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals. The following is the process, which has been established to coordinate and provide for a continuum of care in the project in conjunction with other providers:

Purpose: The purpose of being actively involved in the community continuum of care is to provide the consumer within our market area the opportunity to acquire the most appropriate level and type of services for his/her needs. These needs relate to medical support, personal care, personal maintenance and nutritional guidance. We will focus on coordinating our services with other health care providers through effective communication and teamwork.

Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

1. Individuals in other community settings who need services devoted to rehabilitation and short-term stays in the healthcare center.
2. Persons who can no longer be maintained or cared for in their current setting and need 24-hour care for chronic and/or debilitating conditions of a long-term nature.

Methodology:

Step 1: Maintain a listing of Current Community Resources-This listing is categorized according to type of service contact person for each organizations. Standard categories, with the function as it relates to our facility include the following:

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care	Provides Medical treatment on less expensive environment than institution.
Home Support	Household or personal services essential to any home health care program.
Adult Day Care	Needed respite service for family support while care provided at home.
Nutrition Programs	Health promotions service which also acts to encourage socialization and prevent isolation.
Senior Centers/ Recreation Services	Acts to improve quality of life and encourages socialization

Step 2: All potential nursing center patients and referrals are pre-screened to determine whether the person's condition warrants admission to the nursing center. If admission to the nursing center is not appropriate, and if the person's condition is such that he can be cared for at home with assistance, the Admissions Director and the Social Services Director will refer the person and his family to the appropriate service provider. This will ensure that elderly persons are not being inappropriately admitted to the nursing center and coordination of other services is maintained.

For elderly persons admitted to the nursing center, discharge planning will ensure that patients are discharged to a non-institutional setting when their physical condition improves. Discharge planning begins upon the patient's admission to the center. At that time, the Admissions Director and Social Services Director will meet with the patient and his family to discuss the availability of suitable accommodations following discharge as determined by the initial assessment.

The patient's progress is monitored and reassessed on a regular basis to determine whether the patient is a candidate for transfer to the community. The Social Services Director, who is part of the center's interdisciplinary care team, will update each patient's medical record with progress notes regarding discharge planning on a regular basis. If discharge has been determined to be appropriate, the Social Services Director will advise the patient and his family of the availability of community support systems, such as home health care, adult day care, etc. The Social Services Director will serve as the liaison between the patient, his family, and the appropriate provider to coordinate the discharge home and the linkage for support services.

Linkages to facilitate referrals and transfers are established through formal working agreements and referral arrangements. These agreements are established prior to facility opening to ensure immediate linkages. Given the fact that NHC already operates in Sullivan County, the replacement center will benefit from established referral agreements with the targeted organizations listed above.

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred to the appropriate provider if admission to the nursing center is not warranted or if such service is needed. The Social Services Director is responsible for discharge planning to ensure that patients are discharged from the center when they are ready and that transfer to a semi-institutional setting or to home with appropriate support services is successfully coordinated. Through their ongoing work, the Admissions Director and Social Services Director will maintain linkages and working relationships with providers of non-institutional services.

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

- 1) Become a strong link in the chain of health care providers as it relates to an overall continuum of care.
- 2) Improve and enhance proper service utilization.
- 3) Improve patients' medical conditions by using available avenues.
- 4) Reduce cost by eliminating duplication of services.

Measurement of Outcome: The Admissions Director and Social Services Director will maintain a record of inquiries and referrals of elderly persons seeking long-term care services. These records are reviewed through Quality Assurance and state licensure surveys to determine if appropriate referrals are being made.

Patient medical records are reviewed on a regular basis by the interdisciplinary care team to determine if discharge from the nursing center is appropriate, and if discharge planning goals are being updated or modified. Discharge planning will also be monitored through Quality Assurance surveys and state licensure surveys. Utilization review is conducted every month for Medicare patients. Monitoring of discharge planning will promote the utilization of less intensive, non-institutional services whenever possible.

To integrate and utilize other providers in the health care network the center has established and will have linkages with others in the health care network through the following process:

Purpose: To promote the utilization of less intensive, non-institutional services such as home health care, adult day care, meals on wheels, etc. Since the proposed nursing center will not offer these services, linkages are established with providers of these services to ensure accessibility and transfer when appropriate by nursing center patients.

Targeted Population: Persons targeted for referral to non-institutional services are those nursing center patients whose health has improved to the point where they no longer require 24-hour nursing supervision and are eligible for transfer to home or to a semi-institutional setting, with support services. Referrals will also be made for persons inquiring at the center for long-term care services, but whom after pre-screening, are determined to be inappropriate for nursing home admission.

Linkages are developed by the center with other providers in Sullivan County to provide services not offered by the center. Sullivan County has over 24 home health agencies, 11 hospice and 20 assisted living providers. Although the residents will have a choice in health care providers, following is a list of some providers the facility will work with to provide services not offered by the center.

#### Home Health Agencies

Advanced Home Care  
Amedisys Home Health  
Gentiva Health Services  
Medical Center Homecare, Kingsport  
NHC HomeCare  
Smoky Mountain Home Health & Hospice

#### Hospice

Amedisys Hospice  
Caris Hospice  
Medical Center Hospice  
Smoky Mountain Home Health & Hospice  
Wellmont Hospice

#### Meals on Wheels

Area Meals on Wheels

#### Assisted Living Centers

Asbury Place at Steadman Hill  
Broadmore Assisted Living at Bristol  
Crown Cypress  
Elmcroft of Kingsport  
Emeritus at Kingsport  
Preston Place II  
Preston Place Suites  
Remington House  
Wellington Place of Colonial Heights  
Wellmont Madison House

**Desired Outcome:** The desired outcome is to ensure that discharges and/or referrals to non-institutional support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

Consequently, transfer agreements are established between all relevant health care providers in the community.

Contractual relationships are established with local dentists, optometrists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist will be a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals.

2. **Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

NHC at Indian Path, LLC is requesting the authority to open a new nursing home comprised of 52 beds in an existing building located adjacent to Indian Path Medical Center. The results are seen to have positive effects for both the long-term care industry and the growing aging population in Sullivan County.

National HealthCare Corporation is one of the largest providers of long-term care beds and services in the State of Tennessee, of which NHC at Indian Path, LLC is a subsidiary. NHC at Indian Path will be committed to providing the highest quality of care at maximum efficiency. Through the proposed project, NHC will continue with its commitment to improve both efficiency and care in Sullivan County.

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Sullivan County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals. This project will not have negative effects on the health care system of duplication or competition because the 30 beds represent only a fraction of the 440 beds projected in the State's formula to be needed by 2014 in Sullivan County, and based on the fact that 22 of the 52 beds are merely replacement beds. In addition, these beds, which will be located adjacent to Indian Path Medical Center, will serve the growing long term care bed needs in the MSHA health care delivery system.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

For over thirty years, NHC has been staffing and providing nursing home care in Sullivan County. Staff salaries used in the financial projects are reasonable in comparison with prevailing wage patterns in the area. We know this to be true based on our ability to currently staff a nursing home to the required levels in Sullivan County as well as all of our other operations across the State of Tennessee and the other state we operate in presently. Wage and salaries used in the proforma projections are consistent with what is offered in other NHC centers in the market area and inflated forward to center opening. Surveys conducted by the Tennessee Department of Labor and Workforce Development by area allow NHC to remain competitive with staff salaries in comparison with prevailing wage patterns in the area.

**Please see Attachment "Section C Economic Feasibility – 4" located on page 116 at the end of the application for the current and/or anticipated staffing pattern for all employees providing patient care for the project reported using FTEs for these positions.**

**Please see Attachment "Section III Contribution of Orderly Development – 3" located on page 138 at the end of the application for the for the comparison of the clinical staff salaries to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development.**



4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Please see Attachment "Section C Economic Feasibility – 4" located on page 116 at the end of the application for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 63.3 FTE's of which 35 FTE's are in nursing (RN, LPN, Aides) (Year 2). The applicant has had an approved CNA training program in-house and has the ability to staff the projected FTE increase based on its current staff and potential employees on file.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of the Tennessee Department of Health, Board for Licensing Health Care Facilities, Chapter 1200-8-6, Standards for Nursing Homes.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

NHC has been in operation for over 40 years and is currently operating NHC HealthCare, Bristol an established center on the Virginia side of Sullivan County. NHC at Indian Path will surely generate a lot of interest from professional nursing personnel in the community. NHC recognizes that staffing shortages are an issue across the nation. Nevertheless, NHC has operated in the Sullivan County since 1973 and based on that experience, does not expect to have a problem staffing the proposed project.

The anticipated medical personnel (FTE's) required for the replacement facility, at 93.33% occupancy in year two, during the three shifts, is as follows:

<u>Personnel</u>	<u>Total FTE's</u>
DON	1.0
RNs	8.4
LPNs	4.2
Aides/Orderlies	22.4

Staffing at long-term health care facilities is, of course, dependent on the availability of licensed and unlicensed personnel in the market area. While a review of the general market area of this facility indicates that NHC's recruitment efforts should have little impact on existing facilities, NHC has a company-wide policy to provide in-house education and incentive programs to assist in obtaining licensed as well as certified non-licensed personnel. Company strives to have each health care center owned or managed by NHC will have two partners attending nursing school under a scholarship program.

Secondly, NHC has identified areas in which there appear to be acute shortages of licensed personnel and in these areas has an active scholarship program at all 2 and 4-year nursing schools, as well as a recruitment effort with the graduating high school classes. This program, which was initiated in 1987, has attained excellent success. In addition to the educational push for licensed personnel, the Company operates a full in-house certification program for nurse aides and technicians. The program will be headed up by a registered nurse located in Knoxville, Tennessee, concentrates on utilizing existing vocational schools and/or nonprofit groups to provide classroom space. Classes are run, on the average, every two months and reach a dozen or so potential nurse aides or technicians in each program. At the end of the course, the individuals who graduate are eligible to participate as certified nurse aides in all of the southeastern states, which have such certification courses.

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its partners and the recruitment of qualified outside individuals with intent to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to over 11,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long-term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement. The company attitude toward all its partners along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over forty (40) years. NHC also has many strict requirements and company training programs (which are nationally recognized) that continue the level of expertise necessary to deliver state of the art nursing care. Consequently, NHC has an outstanding record for low staff turnover in the industry.

NHC at Indian Path draws nurses from the surrounding market area. Staff is often acquired from local advertising, recruitment at area colleges, and word of mouth from other partners. And as stated previously, applicants are drawn from resumes kept on file by NHC.

To provide access by health professional schools and behavioral research projects NHC has established the following:

Purpose: The purpose of NHC's established and proven recruitment plan is to recruit and maintain staff in a variety of disciplines necessary to meet the needs of residents, and provide high quality patient care. The recruitment plan is also used to eliminate and/or reduce reliance on nursing pool personnel and to recruit the highest quality personnel available in the area with the potential for career advancement and longevity. The beneficiaries of staffing retention are the patients that are provided with continuous, superior care.

Targeted Staff Categories: All staff categories, including nursing, social service, administration, dietary, housekeeping, laundry, and maintenance. Particular emphasis is placed on professional and non-professional nursing personnel. NHC has experienced its primary shortage of staff in nurses and nurse aides, and has targeted increased efforts toward the recruitment of personnel in these positions.

Methodology: This recruiting plan has been approved by the management of NHC and has been implemented in all 76 facilities owned and/or managed by NHC. NHC at Indian Path will use the following methods:

National HealthCare Corporation's philosophy whenever adding new beds is that the time and effort expended prior to opening in obtaining quality personnel is beneficial for both the company and the patients of the facility. Thus, considerable effort is used to recruit a staff for the facility that meets the following major criteria:

- 1) Each staff member is attuned to the National HealthCare Corporation philosophy of restorative nursing and emphasizing quality of life for our patients; and
- 2) To the extent possible, each staff member has a record of stable employment and a commitment to both the facility and the elderly. The Administrator is trained in the company Administrator program, and will likely be a member of the National HealthCare Corporation corporate staff for training for approximately two (2) years. NHC currently has (10) ten Administrators in its training program. The Administrator and the corporate staff will tailor our Recruitment Plan to meet the local market. The goal of this plan is to put together a cohesive program of partner recruitment at the outset, which will enable the facility to select and recruit an initial staff, which will have not less than 40% partner retainage after five years.

In order to implement the Recruitment Plan and to recruit new partners after opening the facility, the following methods are used:

The recruitment plan is updated annually to account for changes in local market conditions. A great majority of staff personnel are recruited through traditional means, which include classified advertisements, word of mouth among existing staff members and within the community at-large, and through individuals approaching the facility on a walk-in basis to apply for employment. This method has been quite successful for NHC in attracting staff of varied disciplines to its facilities. National HealthCare Corporation owned and operated facilities enjoy an outstanding reputation in their communities and offer prospective partners an opportunity for growth and advancement while working for a quality nursing home operator in a clean, stable work environment at competitive wages.

Currently NHC includes the following recruiting incentives in its package:

Highly competitive wages	Non-partner Educational Loan Program
Tuition Reimbursement	Continuing Education Program (C.E.U.s)
Ongoing skills training	Earned Time Off
Group Life Insurance	Group Health Insurance (w/ Dental)
Company-Paid Retirement	Partner Stock Purchase Plan
Corporate promotions and recognition	

For nursing personnel, additional recruitment steps are taken to supplement those described above. The first step involves more intensified recruitment for the nurse aid positions to help alleviate shortages experienced within the state. NHC has begun an aggressive recruitment program in Tennessee for nurses and nurse aides aimed at the retired and semi-retired persons living within the service area of its facilities. The program involves both advertising and community outreach in order to invite this targeted group to visit the facility and explore opportunities in the geriatric nursing field. An advantage of this program is the availability of flexible hours, which conform to the needs of the prospective partner. NHC recognizes the retiree/semi-retiree as the largest untapped work force in the service area and in Tennessee as a whole, and desires to benefit from the broad experience, compassion, and understanding these people can bring to the patients and other staff at the facility.

The second step to aid in recruiting nursing personnel to the facility involves integration with the area's educational institutions. To assist with staff recruitment and promote community involvement, the facility will work within the community in the following manner:

- A. DON will serve with local advisory boards of Vocational Technical Schools. In addition, the facility will provide a classroom for Certified Nursing Assistant, Advanced Certified Nursing Assistant, and Home Health Aide Classes. This will provide NHC with an advantage for staff recruitment. Upon graduation from each step, partners are given a banquet dinner, certificates, and monetary raises.
- B. NHC has established relationships with the following educational institutions to aid in recruitment of qualified nursing personnel:

- East Tennessee State University
- Milligan College
- King College
- Northeast State Technical Community College
- CNT School
- Nashville Area Technical School
- Tennessee State Vocational College

Not only are top-notch applicants recruited from the above schools, but all major schools in the Southeast are include in our recruiting plans. Also, all state and national association meetings are well attended including an exhibit booth and display on recruiting. (This includes National meetings of Nurses, Registered Physical Therapists, Speech Pathologists and Occupational Therapists.

Responsible Positions: The overall recruitment plan is implemented initially by the facility's administrator who then reports and has input and output from the National HealthCare Corporation's corporate staff. On an ongoing basis, the Administrator working with department heads are responsible for recruitment. The DON is heavily involved in the recruitment of LPN's and RN's, as is the corporate staff.

Judy W. Powell, R.N., MS, is Senior Vice-President of Patient Services and is responsible for the overall plan of National HealthCare Corporation.

Desired Outcome: The desired outcome is to attract and maintain a full, stable, motivated staff capable of providing the level of patient care expected by the patient and Applicant alike and who respect and strive to maintain the dignity of each and every patient. Particular emphasis is placed on obtaining long-term partners.

Measure of Outcome: The outcome is measured by monthly data collected, maintained and reported in the monthly administrative meeting regarding manpower characteristics.

Specifically, the effectiveness of the Recruitment Plan is measured:

- 1) By the general success of the facility in staff recruitment;
- 2) By the partner turnover rate through either voluntary or involuntary dismissal;
- 3) By facility Quality Assurance and licensure ratings; and
- 4) By overall staff retention for various periods of time.
- 5) Hours of Nurse Registry used during the year.

An overall turnover of 40% of the facility's initial staff and 70% of its professional staff after five years is the goal of the program. Although at some times unavoidable, the use of nursing pool personnel is considered unacceptable and represents a failure of the Recruitment Plan.

Giving partners a choice of a primary care assignment enhances low nursing turnover. A primary care assignment consists of the same nurse and the same nursing assistant taking care of the same patients every day. Partners who do not wish a permanent assignment may choose to work "relief" assignments when primary-care partners are off.

Nursing Administration believes that this greatly improves the quality of continuity since partners who retain the same patients are much more aware of individual patients preferences. In addition, this enhances a bonding between patients, partners and patient families.

NHC at Indian Path will have 24-hour RN coverage.

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

The applicant has reviewed and understands the licensure requirements of the Department of Health, and/or any applicable Medicare requirements.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: licensed by the State of Tennessee to provide nursing home services

Accreditation: Not Applicable

**If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.**

NHC at Indian Path is not currently licensed by the State of Tennessee to provide nursing home services, the building is vacant.

- (c) **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

Please see Attachment "Section C Economic Feasibility – 7(c) located on page 123 at the end of the application for documentation from the most recent licensure/certification inspection and an approved plan of correction.

9. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

Not Applicable, None.

10. **Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project**

Not Applicable, None.

11. **If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

If approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required. The applicant files a Joint Annual Report Annually

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see "Attachment – Proof of Publication" located on page 142 and the "Letter of Intent" located on page 145 at the end of the application.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004  
Revised 05/03/04  
Previous Forms are obsolete

## PROJECT COMPLETION FORECAST CHART

2012 DEC 12 PM 3 01

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 03/01/13

Assuming the CON approval becomes the final agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>15</u>	<u>3/13</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u> **	<u>105</u>	<u>6/13</u>
3. <u>Construction contract signed</u>	<u>135</u>	<u>7/13</u>
4. <u>Building permit secured</u>	<u>165</u>	<u>8/13</u>
5. <u>Site preparation completed (Not Applicable)</u>	<u></u>	<u></u>
6. <u>Building construction commenced</u>	<u>165</u>	<u>8/13</u>
7. <u>Construction 40% complete</u>	<u>285</u>	<u>12/13</u>
8. <u>Construction 80% complete</u>	<u>405</u>	<u>4/14</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>530</u>	<u>7/14</u>
10. <u>*Issuance of license</u>	<u>560</u>	<u>8/14</u>
11. <u>*Initiation of service</u>	<u>560</u>	<u>8/14</u>
12. <u>Final Architectural Certification of Payment</u>	<u>620</u>	<u>10/14</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>650</u>	<u>11/14</u>

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.



**AFFIDAVIT**

2012 DEC 12 PM 3 02

STATE OF TennesseeCOUNTY OF Rutherford

Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

 /Assistant Vice President  
SIGNATURE/TITLE

Sworn to and subscribed before me this 11th day of December, 2012 a Notary  
(Month) (Year)

Public in and for the County/State of Rutherford/Tennessee.



  
NOTARY PUBLIC

My commission expires September 21, 2016.  
(Month/Day) (Year)

## ATTACHMENTS

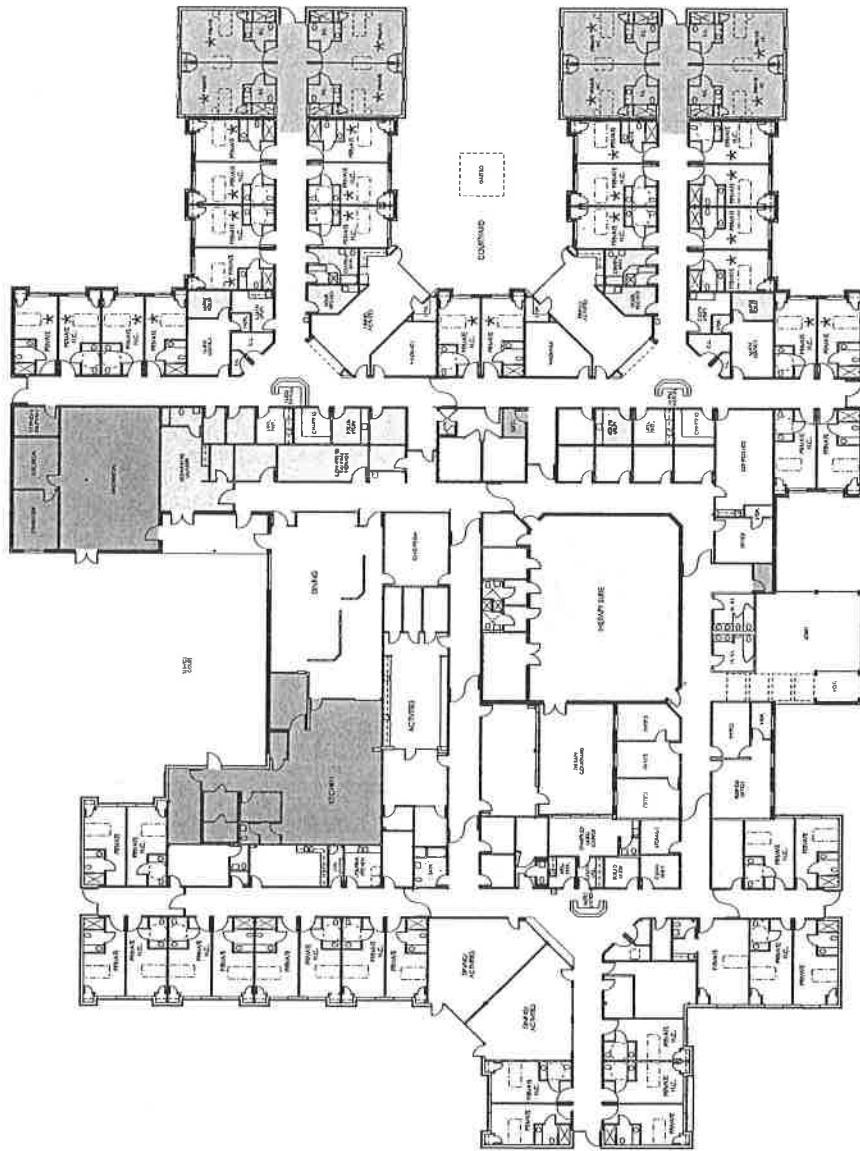
**Section B - Project Description - III (A)**

**Plot Plan**



## **Section B - Project Description - IV**

### **Floor Plan**



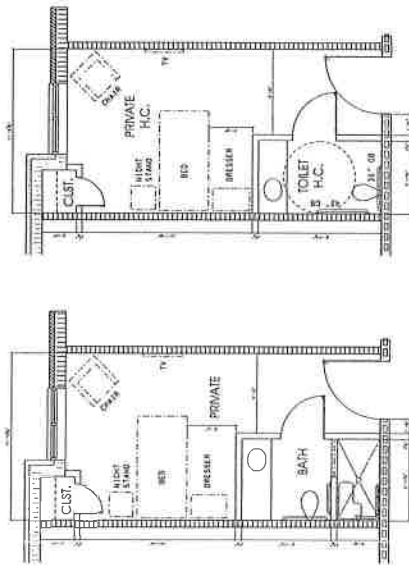
LEGEND

12,248 SF	PATIENT ROOMS RENOVATED TO MEET CURRENT STANDARDS
9,430 SF	MAJOR RENOVATION THERAPY SUITE
2,216 SF	MAJOR RENOVATION - MISCELLANEOUS INTERIOR SPACE
21,406 SF	INTERIOR UPGRADE
3,694 SF	EXISTING SPACE REUSED AS-IS
2,268 SF	UNUSED SPACE
45,352 SF	(TOTAL EXISTING 45,243SF)
3,842 SF	NEW CONSTRUCTION
49,124 SF	(TOTAL NEW & EXISTING 49,134 SF)

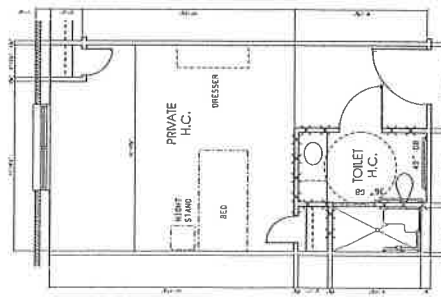
NHC 52 Bed Health Care Center  
at Indian Path  
Johnson + Bailey Architects P.C.  
September 17, 2012

\* DENOTES ROOMS THAT ARE A PART  
OF THE 30 BED C.O.N.

MASTER FLOOR PLAN



EXISTING PATIENT ROOM  
REMODELED TO MEET  
HANDICAPPED REQUIREMENTS



NEW CONSTRUCTION  
PATIENT ROOM

TYPICAL PATIENT ROOM TYPES



**Section C – General Criteria - 1.A.**

**Nursing Facility Bed Need**

76  
TN Bed Need Formula

**SNF Need Formula**

11/1/2012

**Sullivan County**

County Bed Need

	2014 Population	Rate	Needed Beds By Age
Population 65 & under	124,533	0.0005	62
Population 65-74	16,720	0.012	201
Population 75-84	9,189	0.06	551
Population 85+	4,141	0.15	621
	154,583		1,435

Existing Beds = 995  
Need = 440

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health  
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

**General Bed Need Formula**

**Sullivan County**

County Bed Need

	2014 Population	Rate	Needed Beds By Age
Population 65 & under	124,533	0.0004	50
Population 65-74	16,720	0.01	167
Population 75-84	9,189	0.04	368
Population 85+	4,141	0.15	621
	154,583		1,206

Existing Beds = 995  
Need = 211

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health  
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health



77  
TN Bed Need Formula

**SNF Need Formula**

11/1/2012

**Sullivan County**

County Bed Need	2015 Population	Rate	Needed Beds By Age
Population 65 & under	124,174	0.0005	62
Population 65-74	17,137	0.012	206
Population 75-84	9,267	0.06	556
Population 85+	4,242	0.15	636
	154,820		1,460
Existing Beds =			995
Need =			465

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health  
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

**General Bed Need Formula**

**Sullivan County**

County Bed Need	2015 Population	Rate	Needed Beds By Age
Population 65 & under	124,174	0.0004	50
Population 65-74	17,137	0.01	171
Population 75-84	9,267	0.04	371
Population 85+	4,242	0.15	636
	154,820		1,228
Existing Beds =			995
Need =			233

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health  
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

## **Section C - General Criteria – 1.A.3**

### **Inventory and Utilization**

## Health Care Facilities

### Licensed Facilities

For more information, please contact:  
Health Care Facilities: (615)741-7221 or 1-888-310-4650

#### Current Listings:

Type = Nursing Home County = SULLIVAN

[Click here to return to the search page](#)

**Total Facilities:7**

**Total Beds:995**

1.  
BRISTOL NURSING HOME  
261 NORTH STREET  
BRISTOL , TN 37620  
Attn: CHRISTOPHER GADDY  
(2389)  
(423) 764-6151

Administrator: Christopher  
Alexander Gaddy  
Owner Information:  
BRISTOL HELATHCARE  
INVESTORS, LLC  
485 CENTRAL AVENUE NE  
CLEVELAND, TN 37311  
(423) 478-5953

Facility License  
Number: 00000260  
Status: Licensed  
Number of Beds: 0120  
Date of Last  
Survey: 09/12/2012  
Accreditation Expires:  
Date of Original  
Licensure: 07/01/1992  
Date of Expiration: 05/07/2013

This Facility is Managed By:  
HEALTH SERVICES  
MANAGEMENT  
CLEVELAND TN

2.  
BROOKHAVEN MANOR  
2035 STONEBROOK PLACE  
KINGSPORT , TN 37660  
Attn: JONATHAN S. HICKS  
(1771)  
(423) 246-8934

Administrator: Jonathan S. Hicks  
Owner Information:  
KINGSPORT NH OPERATIONS,  
LLC  
2035 STONEBROOK PLACE  
KINGSPORT, TN 37660  
(423) 246-8934

Facility License  
Number: 00000261  
Status: Licensed  
Number of Beds: 0180  
Date of Last  
Survey: 11/09/2011  
Accreditation Expires:  
Date of Original  
Licensure: 07/01/1992  
Date of Expiration: 05/12/2013

This Facility is Managed By:  
KINGSPORT NH  
MANAGEMENT, LLC  
KINGSPORT TN

3.

Administrator: Karen Lee Turner

Facility License  
Number: 00000263  
Status: Licensed  
Number of Beds: 0165

<p>GREYSTONE HEALTH CARE CENTER 181 DUNLAP ROAD P.O. BOX 1133 TCAS BLOUNTVILLE, TN 37617 Attn: KAREN LEE TURNER (2764) (423) 323-7112</p>	<p><i>Owner Information:</i> BLOUNTS OPERATOR, LLC 7400 NEW LAGRANGE ROAD SUITE 100 LOUISVILLE, KY 40222 (502) 429-8062</p>	<p><i>Date of Last Survey:</i> 07/20/2011 <i>Accreditation Expires:</i> <i>Date of Original Licensure:</i> 07/01/1992 <i>Date of Expiration:</i> 05/19/2013</p>
<p>4. HOLSTON MANOR 3641 MEMORIAL BLVD. KINGSPORT, TN 37664 Attn: RICHARD ERVIN (1713) (423) 246-2411</p>	<p>Administrator: Richard Ervin <i>Owner Information:</i> HOLSTON NH OPERATIONS, LLC 3641 MEMORIAL BLVD. KINGSPORT, TN 37664 (423) 246-2411</p>	<p><i>This Facility is Managed By:</i> NORTHPOINT REGIONAL, LLC SUITE 402 LOUISVILLE KY <i>Facility License Number:</i> 00000264 <i>Status:</i> Licensed <i>Number of Beds:</i> 0204 <i>Date of Last Survey:</i> 03/28/2012 <i>Accreditation Expires:</i> <i>Date of Original Licensure:</i> 07/01/1992 <i>Date of Expiration:</i> 04/14/2013</p>
<p>5. INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE UNIT 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660 Attn: MONTY MCLAURIN (423) 857-7640</p>	<p>Administrator: MONTY MCLAURIN <i>Owner Information:</i> MOUNTAIN STATES HEALTH ALLIANCE, INC. 303 MED TECH PARKWAY SUITE 300 JOHNSON CITY, TN 37604 (423) 431-6111</p>	<p><i>This Facility is Managed By:</i> EPIC MGT. LLC KERNSVILLE NC <i>Facility License Number:</i> 00000336 <i>Status:</i> Licensed <i>Number of Beds:</i> 0022 <i>Date of Last Survey:</i> 07/28/2011 <i>Accreditation Expires:</i> <i>Date of Original Licensure:</i> 07/27/1995 <i>Date of Expiration:</i> 12/09/2013</p>
<p>6. THE CAMBRIDGE HOUSE 250 BELLEBROOK ROAD BRISTOL, TN 37620 Attn: SUZANNE RICH (423) 968-4123</p>	<p>Administrator: SUZANNE RICH <i>Owner Information:</i> HP/CAMBRIDGE HOUSE, INC 5895 WINDWARD PARKWAY ALPHARETTA, GA 30005 (423) 968-4123</p>	<p><i>Facility License Number:</i> 00000262 <i>Status:</i> Licensed <i>Number of Beds:</i> 0130 <i>Date of Last Survey:</i> 05/18/2011 <i>Accreditation Expires:</i> <i>Date of Original Licensure:</i> 07/01/1992 <i>Date of Expiration:</i> 06/23/2013</p> <p><i>This Facility is Managed By:</i> ALTA CARE COMPANY ALPHARETTA GA <i>Facility License</i></p>

7.

THE WEXFORD HOUSE  
2421 JOHN B. DENNIS HWY.  
KINGSPORT, TN 37660  
*Attn:* KATHY GREEN  
(423) 288-3988

Administrator: KATHY GREEN  
*Owner Information:*  
RHA/SULLIVAN, INC  
3060 PEACHTREE RD. NW  
STE 900  
ATLANTA, GA 30305  
(404) 364-2900

*Number:* 00000265  
*Status:* Licensed  
*Number of Beds:* 0174  
*Date of Last*  
*Survey:* 02/29/2012  
*Accreditation Expires:*  
*Date of Original*  
*Licensure:* 07/01/1992  
*Date of Expiration:* 05/17/2013

**Sullivan County Nursing Homes Occupancy  
2008 - 2011**

NURSING HOMES	2012 Licensed Beds	2008 Occupancy	2009 Occupancy	2010 Occupancy	2011 Provisional. Occ.
1 Bristol Nursing Home*	120	90.6%	77.8%	81.9%	81.7%
2 Brookhaven Manor*	180	92.7%	91.0%	88.0%	87.7%
3 Greystone Health Care Center*	165	77.9%	77.2%	84.5%	80.0%
4 Holston Manor	204	90.6%	95.0%	90.4%	129.5%
5 Indian Path Medical Center Transitional Care	22	78.3%	71.7%	72.9%	77.6%
6 The Cambridge House	130	90.8%	94.6%	94.4%	N/A
7 The Wexford House	174	86.8%	94.6%	95.5%	95.5%
Total	995	87.9%	83.9%	89.0%	87.0%

\* In 2009, Bristol Nursing Home reported data from 9/1/09 - 12/31/09

In 2010, Brookhaven reported 178 beds in the JAR; however, occupancy is computed for 180 licensed beds.

On 7/1/11 Greystone delicensed 5 beds for a facility total of 165 licensed beds

Cambridge House and Holston Manor are not included in the 2011 Total Occupancy

Source: 2009, 2010, 2011 JAR Reports, Schedule E Beds

2009, 2010, 2011 JAR Reports, Schedule F Utilization - Part 2, Resident Days of Care

2008 Summary Reports of Tennessee Nursing Home Data

## **Section C – General Criteria – I.A. 4**

### **Service Area JAR Report**

**Sullivan County  
Private and Semi-private Rooms**

	<b>Nursing Homes</b>	<b>Beds Set Up and Staffed</b>	<b># of Pvt Rooms</b>	<b># of Semi-Pvt Rooms</b>	<b># of Beds In Ward</b>
1	Bristol Nursing Home	120	4	104	12
2	Holston Manor	204	5	196	3
3	Greystone Health Care Center	165	7	158	0
4	Brookhaven Manor	180	0	180	0
5	The Cambridge House	130	N/A	N/A	N/A
6	The Wexford House	174	6	168	0
7	Indian Path Medical Center - TCU	22	22	0	0
	<b>Total</b>	<b>995</b>	<b>44</b>	<b>806</b>	<b>15</b>

Source: 2011 TN JAR Summary Reports Schedule E - Beds



**Sullivan County Nursing Homes**  
**2008**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bristol Nursing Home	120	0	0	120	0	0	50	90.6%
2	Holston Manor	204	0	204	0	0	28	127	90.6%
3	Greystone Health Care Center	170	0	81	89	0	12	93	77.9%
4	Brookhaven Manor	180	0	180	0	0	20	124	92.7%
5	The Cambridge House	130	0	38	0	92	18	77	90.8%
6	The Wexford House	174	0	174	0	0	19	104	86.8%
7	Indian Path Medical Center - TCU	22	0	22	0	0	16	0	78.3%

Source: 2008 TN JAR Summary Reports, Schedule E - Beds  
2008 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

**Sullivan County Nursing Homes  
2009**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bristol Nursing Home*	120	0	0	120	0	0	90	77.8%
2	Holston Manor	204	0	204	0	0	27	133	95.0%
3	Greystone Health Care Center	170	0	81	89	0	14	104	77.2%
4	Brookhaven Manor	180	0	180	0	0	19	128	91.0%
5	The Cambridge House	130	0	130	0	0	17	86	94.6%
6	The Wexford House	174	0	174	0	0	20	107	94.6%
7	Indian Path Medical Center - TCU	22	0	22	0	0	12	0	71.7%

Source: 2009 TN JAR Summary Reports, Schedule E - Beds  
2009 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

\* Bristol Nursing Home reported data from 9/1/2009 - 12/31/2009

**Sullivan County Nursing Homes  
2010**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bristol Nursing Home	120	0	120	0	0	2	90	81.9%
2	Holston Manor	204	0	204	0	0	24	139	90.4%
3	Greystone Health Care Center	170	0	81	89	0	17	108	84.5%
4	Brookhaven Manor*	178	0	178	0	0	23	118	88.0%
5	The Cambridge House	130	0	130	0	0	21	87	94.4%
6	The Wexford House	174	0	174	0	0	20	114	95.5%
7	Indian Path Medical Center - TCU	22	0	22	0	0	11	0	72.9%

Source: 2010 TN JAR Summary Reports, Schedule E - Beds  
2010 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

\*Brookhaven reports 178 licensed beds; however, according to TN Department of Health, the facility is licensed for 180 beds.

**Sullivan County Nursing Homes  
2011 - Provisional**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bristol Nursing Home	120	0	120	0	0	13	233	81.7%
2	Holston Manor	204	0	204	0	0	28	206	129.5%
3	Greystone Health Care Center	165	0	165	0	0	15	100	80.0%
4	Brookhaven Manor	180	0	180	0	0	21	122	87.7%
5	The Cambridge House	130	Information Not Available						
6	The Wexford House	174	0	174	0	0	26	107	95.5%
7	Indian Path Medical Center - TCU	22	0	22	0	0	16	0	77.6%

Source: 2011 TN JAR Summary Reports, Schedule E - Beds  
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

**Section C – General Criteria – 2B**

**Occupancy and Size Standards – Survey Chart for Sullivan County  
Nursing Homes**

**Sullivan County Nursing Facilities State Survey Results by  
Number of Deficiencies**

Facility	Survey Date	Number of Health Deficiencies	Average Number of Hlth Deficiencies in TN	Difference in Avg Number of Hlth Deficiencies in TN	Average Number of Hlth Deficiencies in US	Difference in Avg Number of Hlth Deficiencies in US
Bristol Nursing Home*	9/12/2012	22	7.3	15	7.5	15
	3/31/2012	27	5.5	22	7.3	20
	12/2/2010	3	4.8	(2)	7.4	(4)
	10/22/2009	7	5	2	8	(1)
Brookhaven Manor	11/9/2011	13	7.3	6	7.5	6
	9/1/2010	5	5.5	(1)	7.3	(2)
	7/29/2009	3	4.8	(2)	7.4	(4)
	6/4/2008	15	5	10	8	7
Cambridge House	5/28/2011	3	7.3	(4)	7.5	(5)
	3/10/2010	7	5.5	2	7.3	(0)
	1/14/2009	6	4.8	1	7.4	(1)
	12/13/2007	5	5	0	8	(3)
Greystone Health Care Center	7/20/2011	9	7.3	2	7.5	2
	6/30/2010	2	5.5	(4)	7.3	(5)
	4/28/2009	5	4.8	0	7.4	(2)
	3/5/2008	8	5	3	8	0
Holston Manor	3/28/2012	11	7.3	4	7.5	4
	10/27/2010	5	5.5	(1)	7.3	(2)
	9/16/2009	11	4.8	6	7.4	4
	7/30/2008	7	5	2	8	(1)
Indian Path Medical Center - TCU	7/28/2011	1	7.3	(6)	7.5	(7)
	6/8/2010	0	5.5	(6)	7.3	(7)
	5/27/2009	2	4.8	(3)	7.4	(5)
	4/22/2008	3	5	(2)	8	(5)
Wexford House	2/29/2012	12	7.3	5	7.5	5
	12/16/2010	9	5.5	4	7.3	2
	10/28/2009	3	4.8	(2)	7.4	(4)
	9/25/2008	12	5	7	8	4

\* SFF Facility: If a nursing home has a recent history of persistent poor quality of care, as indicated by the findings of state or Federal inspection teams, it is considered a Special Focus Facility (SFF).

Source: Medicare web site - Nursing Home Compare

## Section C – General Criteria - 3

### Service Area Map

14

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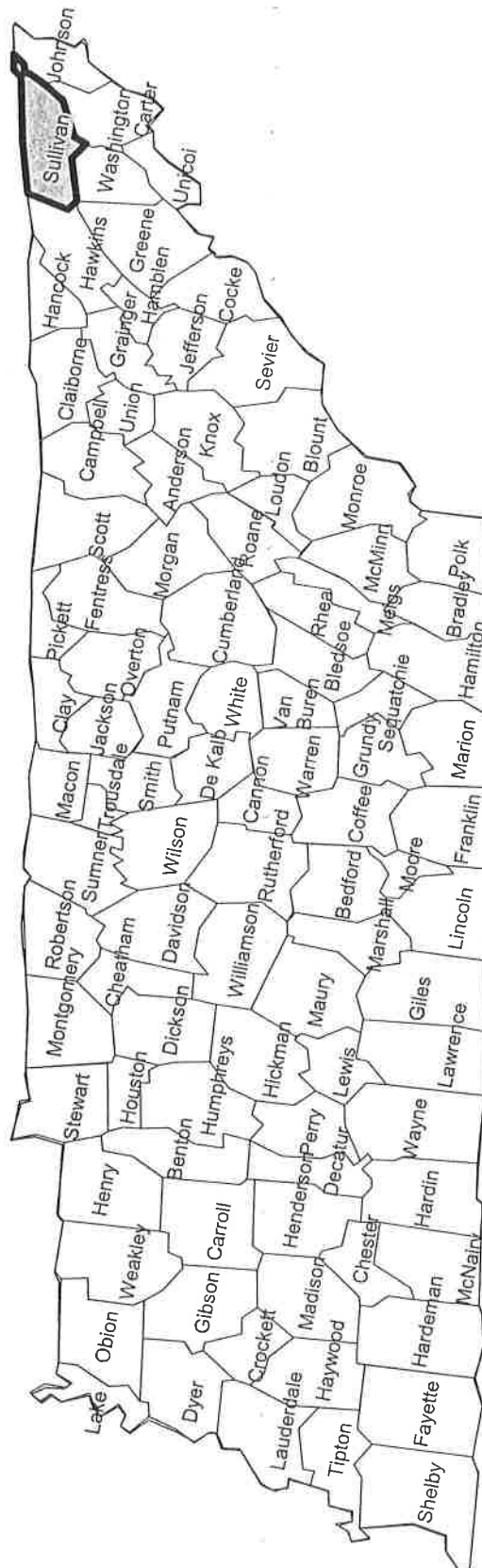
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## Section C - Economic Feasibility – 1

### Project Costs Chart & Assumptions

PROJECT COSTS CHART PM 3 02

2012 DEC 12

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	344,800
2. Legal, Administrative, Consultant Fees	62,300
3. Acquisition of Site (Building, including estimated closing costs)	2,703,000
4. Preparation of Site (Including demolition)	0
5. Construction Costs	5,161,300
6. Contingency Fund	516,200
7. Fixed Equipment (Not included in Construction Contract)	575,700
8. Moveable Equipment (List all equipment over \$50,000)	637,900
9. Other (Specify) Landscaping, pre-opening	210,000

B. Acquisition by gift, donation or lease:

1. Facility (Inclusive of building and land)	
2. Building Only	
3. Land Only	
4. Equipment (Specify)	
5. Other (Specify)	

C. Financing costs and Fees:

1. Interim Financing	151,100
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	

D. Total Estimated Project Cost (A + B + C)	10,362,300
--	------------

E. CON Filing Fee	23,315.18
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F. Total Estimated Project Cost (D + E)	\$ 10,385,615
--	---------------

NHC at Indian Path  
 52 Beds  
 Project Costs Charts Assumptions

Architectural/Engineering	
Architect	\$ 270,300
Civil and Landscaping	19,500
Materials and SWWP Inspection	15,000
Test & balance study	40,000
Total	<u>\$ 344,800</u>

Fixed Equipment	
Kitchen, Laundry, Asst. Bathing, Signage & Miscellaneous	<u>\$ 575,700</u>

Other Costs	
Landscaping	\$ 150,000
Start up costs	60,000
Total	<u>\$ 210,000</u>

Johnson + Bailey Architects P.C.



September 20, 2012

Mr. Bruce Duncan  
National Healthcare Corporation  
100 East Vine Street  
Murfreesboro, TN 37130

Re: NHC at Indian Path - CON  
Kingsport, TN

Dear Bruce:

Based on the following renovation and new construction costs it is my opinion, relative to recently completed similar projects, that total construction costs for the referenced project should be approximately \$5,161,300 exclusive of Owner's 10% design and construction contingency. While the floor plan indicates different construction costs for differing levels of remodeling, the renovation cost utilized below is an average based upon the different types of renovation noted:

New Construction - 3,863 sq. ft. @ \$212.00/sq. ft. =	\$ 818,700.00
Renovation - 42,996 sq. ft. @ \$ 101.00/sq. ft.	<u>\$ 4,342,600.00</u>
Total Cost	\$ 5,161,300.00

The preliminary plans have been designed to be in compliance with all applicable building and life safety codes and according to the requirements of the 2010 edition of the Guidelines for the Design and Construction of Health Care Facilities.

Please advise if you require any additional information.

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

James H. Bailey, III AIA  
President

## **Section C – Economic Feasibility - 2**

### **Project Funding**

November 5, 2012

Ms. Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

RE: NHC at Indian Path, LLC d/b/a NHC at Indian Path (Sullivan County), New 52  
Bed Facility \$10,385,615

Dear Ms. Hill:

National HealthCare Corporation, a NYSE Amex publicly traded company with over \$61,000,000 of cash and cash equivalents, as stated in the December 31, 2011 10-K, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

Should you have any further questions or comments, please advise.

Sincerely,

**NATIONAL HEALTHCARE CORPORATION**



Donald K. Daniel  
Senior Vice President and Controller

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-13489

**NHC**

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Corporate Charter)

**Delaware**  
(State of Incorporation)

**52-2057472**  
(I.R.S. Employer I.D. No.)

**100 Vine Street**  
**Murfreesboro, Tennessee 37130**  
(Address of principal executive offices)  
Telephone Number: **615-890-2020**

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of Each Exchange on which Registered
<b>Shares of Common Stock</b>	<b>NYSE Amex</b>
<b>Shares of Preferred Cumulative Convertible Stock</b>	<b>NYSE Amex</b>

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).  
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates on June 30, 2011 (based on the closing price of such shares on the NYSE Amex) was approximately \$363 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.  
The number of shares of Common Stock outstanding as of February 14, 2012 was 13,862,738.

**Documents Incorporated by Reference**

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K:  
The Registrant's definitive proxy statement for its 2012 shareholder's meeting.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA****REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders  
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2011 and 2010 and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2011 and 2010 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2012, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee  
February 17, 2012



## NATIONAL HEALTHCARE CORPORATION

## Consolidated Statements of Income

(in thousands, except share and per share amounts)

	Years Ended December 31,		
	2011	2010	2009
Revenues:			
Net patient revenues	\$ 715,489	\$ 663,629	\$ 621,589
Other revenues	58,048	57,024	51,613
Net operating revenues	<u>773,537</u>	<u>720,653</u>	<u>673,202</u>
Costs and Expenses:			
Salaries, wages and benefits	428,672	400,270	370,708
Other operating	198,439	197,016	188,145
Rent	39,736	38,086	37,332
Depreciation and amortization	28,901	27,141	25,429
Interest	443	513	716
Total costs and expenses	<u>696,191</u>	<u>663,026</u>	<u>622,330</u>
Income Before Non-Operating Income	77,346	57,627	50,872
Non-Operating Income	<u>20,533</u>	<u>23,340</u>	<u>16,784</u>
Income Before Income Taxes	97,879	80,967	67,656
Income Tax Provision	<u>(33,807)</u>	<u>(28,272)</u>	<u>(27,607)</u>
Net Income	64,072	52,695	40,049
Dividends to Preferred Stockholders	<u>(8,671)</u>	<u>(8,673)</u>	<u>(8,673)</u>
Net Income Available to Common Stockholders	\$ <u>55,401</u>	\$ <u>44,022</u>	\$ <u>31,376</u>
Earnings Per Common Share:			
Basic	\$ 4.02	\$ 3.22	\$ 2.31
Diluted	\$ 3.90	\$ 3.22	\$ 2.31
Weighted Average Common Shares Outstanding:			
Basic	13,774,628	13,671,053	13,562,850
Diluted	16,414,023	13,676,476	13,577,676

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

**NATIONAL HEALTHCARE CORPORATION**  
**Consolidated Balance Sheets**  
*(in thousands, except share and per share amounts)*

	December 31,	
	2011	2010
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 61,008	\$ 28,478
Restricted cash and cash equivalents	50,587	51,992
Marketable securities	85,051	85,116
Restricted marketable securities	83,625	70,877
Accounts receivable, less allowance for doubtful accounts of \$3,713 and \$3,942, respectively	69,635	77,049
Inventories	7,419	7,853
Prepaid expenses and other assets	1,082	1,251
Federal income tax receivable	3,779	-
Total current assets	<u>362,186</u>	<u>322,616</u>
<b>Property and Equipment:</b>		
Property and equipment, at cost	659,523	640,150
Accumulated depreciation and amortization	<u>(229,872)</u>	<u>(203,758)</u>
Net property and equipment	<u>429,651</u>	<u>436,392</u>
<b>Other Assets:</b>		
Deposits	397	302
Goodwill	20,320	20,320
Notes receivable	22,449	23,671
Deferred income taxes	10,167	12,000
Investments in limited liability companies and other	20,502	14,204
Total other assets	<u>73,835</u>	<u>70,497</u>
Total assets	<u>\$ 865,672</u>	<u>\$ 829,505</u>

*The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.*

**NATIONAL HEALTHCARE CORPORATION**  
**Consolidated Balance Sheets**  
*(in thousands, except share and per share amounts)*

	December 31,	
	2011	2010
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 9,834	\$ 10,947
Accrued payroll	54,063	52,055
Amounts due to third party payors	16,807	17,667
Accrued risk reserves	98,732	105,549
Deferred income taxes	14,526	14,186
Other current liabilities	15,583	17,895
Dividends payable	6,362	5,997
Total current liabilities	<u>215,907</u>	<u>224,296</u>
Long-Term Debt, less Current Portion	10,000	10,000
Other Noncurrent Liabilities	16,244	18,861
Deferred Lease Credits	-	1,212
Deferred Revenue	11,785	13,990
Commitments, Contingencies and Guarantees		
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,490 and 10,840,608 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	170,515	170,548
Common stock, \$.01 par value; 30,000,000 shares authorized; 13,862,738 and 13,637,258 shares, respectively, issued and outstanding	138	136
Capital in excess of par value	139,183	128,061
Retained earnings	265,198	226,114
Unrealized gains on marketable securities, net of taxes	36,702	36,287
Total stockholders' equity	<u>611,736</u>	<u>561,146</u>
Total liabilities and stockholders' equity	<u>\$ 865,672</u>	<u>\$ 829,505</u>

*The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.*

**NATIONAL HEALTHCARE CORPORATION**  
**Consolidated Statements of Cash Flows**  
*(in thousands)*

	Year Ended December 31,		
	2011	2010	2009
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 64,072	\$ 52,695	\$ 40,049
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,901	27,141	25,429
Provision for doubtful accounts receivable	2,430	2,256	1,121
Equity in earnings of unconsolidated investments	(9,674)	(8,993)	(8,679)
Distributions from unconsolidated investments	10,828	6,462	7,216
Recovery of assets in acquisition of healthcare centers	—	(3,563)	—
Gains on sale of marketable securities	(754)	(891)	—
Deferred income taxes	1,990	3,505	1,380
Stock-based compensation	2,751	321	1,134
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Restricted cash and cash equivalents	(7,830)	(2,509)	4,448
Accounts receivable	5,032	(15,817)	7,478
Income tax receivable	(3,779)	3,470	(3,470)
Inventories	434	(372)	(251)
Prepaid expenses and other assets	169	(166)	172
Trade accounts payable	(1,113)	(352)	(2,900)
Accrued payroll	2,008	5,205	(2,331)
Amounts due to third party payors	(860)	(891)	3,023
Other current liabilities and accrued risk reserves	(9,129)	(103)	4,411
Entrance fee deposits	(2,170)	(957)	94
Other noncurrent liabilities	(2,617)	(3,772)	6,826
Deferred income	(35)	(265)	—
Net cash provided by operating activities	80,654	62,404	85,150
<b>Cash Flows From Investing Activities:</b>			
Additions to and acquisitions of property and equipment	(23,597)	(32,838)	(44,064)
Disposals of property and equipment	225	545	384
Acquisition of non-controlling interest in hospice business	(7,500)	—	—
Acquisition of homecare business	—	(14,342)	—
Investments in notes receivable	(650)	—	(8,326)
Collections of notes receivable	1,872	1,300	5,017
Decrease in restricted cash and cash equivalents	9,235	47,451	18,025
Purchases of marketable securities	(57,597)	(93,305)	(18,025)
Sale of marketable securities	46,266	43,849	—
Cash acquired in acquisition of facilities	—	989	—
Changes in cash fund in liquidation	—	—	7,804
Net cash used in investing activities	(31,746)	(46,351)	(39,185)
<b>Cash Flows From Financing Activities:</b>			
Payments on debt	—	—	(50,502)
Tax benefit from stock-based compensation	(52)	154	1,566
Dividends paid to preferred stockholders	(8,671)	(8,673)	(8,673)
Dividends paid to common stockholders	(15,952)	(14,780)	(13,508)
Issuance of common shares	8,392	2,655	15,395
Repurchase of common shares	—	(5,944)	—
(Increase) decrease in deposits	(95)	21	206
Other	—	(30)	(460)
Net cash used in financing activities	(16,378)	(26,597)	(55,976)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	32,530	(10,544)	(10,011)
<b>Cash and Cash Equivalents, Beginning of Period</b>	28,478	39,022	49,033
<b>Cash and Cash Equivalents, End of Period</b>	\$ 61,008	\$ 28,478	\$ 39,022

**NATIONAL HEALTHCARE CORPORATION**  
**Consolidated Statements of Cash Flows**  
*(continued)*

<i>(in thousands)</i>	Year Ended December 31,		
	2011	2010	2009
<b>Supplemental Information:</b>			
Cash payments for interest	\$ 501	\$ 658	\$ 869
Cash payments for income taxes	40,798	22,969	21,585
Non-cash activities include:			
Effective December 1, 2010, NHC acquired the assets and assumed certain liabilities of two 120-bed long-term health care centers. The consideration given was first mortgage bonds owned by us.			
Real and personal property	—	(4,873)	—
Current assets acquired	—	(1,958)	—
Current liabilities acquired	—	1,623	—
First mortgage revenue bonds	—	1,645	—
Gain on recovery of assets	—	3,563	—

*The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.*

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-13489

**NHC**

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

52-2057472  
(I.R.S. Employer  
Identification No.)

100 E. Vine Street  
Murfreesboro, TN  
37130

(Address of principal executive offices)  
(Zip Code)

(615) 890-2020

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).  
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer (Do not check if a smaller reporting  
company) ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

14,003,006 shares of common stock of the registrant were outstanding as of October 29, 2012.

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements.

#### NATIONAL HEALTHCARE CORPORATION Interim Condensed Consolidated Statements of Income (Unaudited) (in thousands, except share and per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Revenues:				
Net patient revenues	\$ 175,361	\$ 182,134	\$ 525,211	\$ 536,531
Other revenues	14,007	14,930	42,008	44,264
Net operating revenues	<u>189,368</u>	<u>197,064</u>	<u>567,219</u>	<u>580,795</u>
Cost and Expenses:				
Salaries, wages and benefits	106,844	106,870	318,028	320,425
Other operating	48,519	54,807	149,271	148,084
Facility rent	9,813	10,000	29,507	29,744
Depreciation and amortization	7,402	7,307	22,168	21,344
Interest	119	136	345	333
Total costs and expenses	<u>172,697</u>	<u>179,120</u>	<u>519,319</u>	<u>519,930</u>
Income Before Non-Operating Income	16,671	17,944	47,900	60,865
Non-Operating Income	<u>6,771</u>	<u>5,140</u>	<u>18,546</u>	<u>14,856</u>
Income Before Income Taxes	23,442	23,084	66,446	75,721
Income Tax Provision	(6,209)	(5,873)	(22,923)	(26,175)
Net Income	<u>17,233</u>	<u>17,211</u>	<u>43,523</u>	<u>49,546</u>
Dividends to Preferred Stockholders	<u>(2,167)</u>	<u>(2,167)</u>	<u>(6,503)</u>	<u>(6,503)</u>
Net Income Available to Common Stockholders	<u>\$ 15,066</u>	<u>\$ 15,044</u>	<u>\$ 37,020</u>	<u>\$ 43,043</u>
Earnings Per Common Share:				
Basic	\$ 1.09	\$ 1.09	\$ 2.67	\$ 3.13
Diluted	\$ 1.04	\$ 1.05	\$ 2.63	\$ 3.02
Weighted Average Common Shares Outstanding:				
Basic	13,852,403	13,807,995	13,846,022	13,762,084
Diluted	16,605,285	16,444,749	16,578,535	16,404,305

*The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.*

**NATIONAL HEALTHCARE CORPORATION**  
**Interim Condensed Consolidated Statements of Comprehensive Income**  
*(Unaudited – in thousands)*

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Net Income	\$ 17,233	\$ 17,211	\$ 43,523	\$ 49,546
Other Comprehensive Income (Loss):				
Unrealized gains (losses) on investments in marketable securities	1,223	(4,529)	14,243	(3,992)
Income tax (expense) benefit related to items of other comprehensive income	(465)	1,786	(5,524)	1,599
Other comprehensive income (loss), net of tax	758	(2,743)	8,719	(2,393)
Comprehensive Income	\$ 17,991	\$ 14,468	\$ 52,242	\$ 47,153



**NATIONAL HEALTHCARE CORPORATION**  
**Interim Condensed Consolidated Balance Sheets**  
*(in thousands)*

	September 30, 2012 <i>(unaudited)</i>	December 31, 2011
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 83,707	\$ 61,008
Restricted cash and cash equivalents	35,917	50,587
Marketable equity securities	98,000	85,051
Restricted marketable securities	109,027	83,625
Accounts receivable, less allowance for doubtful accounts of \$3,475 and \$3,713, respectively	63,080	69,635
Inventories	6,479	7,419
Prepaid expenses and other assets	1,727	1,082
Federal income tax receivable	-	3,779
Total current assets	<u>397,937</u>	<u>362,186</u>
Property and Equipment:		
Property and equipment, at cost	669,084	659,523
Accumulated depreciation and amortization	<u>(247,241)</u>	<u>(229,872)</u>
Net property and equipment	<u>421,843</u>	<u>429,651</u>
Other Assets:		
Deposits	156	397
Goodwill	17,600	20,320
Notes receivable	22,113	22,449
Deferred income taxes	10,353	10,167
Investments in limited liability companies	<u>36,091</u>	<u>20,502</u>
Total other assets	<u>86,313</u>	<u>73,835</u>
Total assets	<u>\$ 906,093</u>	<u>\$ 865,672</u>

*The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.*

*The interim condensed consolidated balance sheet at December 31, 2011 is taken from the audited consolidated financial statements at that date.*

**NATIONAL HEALTHCARE CORPORATION**  
**Interim Condensed Consolidated Balance Sheets**  
*(in thousands, except share and per share amounts)*

	September 30, 2012 <i>(unaudited)</i>	December 31, 2011
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities:		
Trade accounts payable	\$ 5,436	\$ 9,834
Accrued payroll	50,275	54,063
Amounts due to third party payors	18,758	16,807
Accrued risk reserves	103,202	98,732
Deferred income taxes	19,937	14,526
Other current liabilities	14,748	15,583
Dividends payable	6,413	6,362
Total current liabilities	<u>218,769</u>	<u>215,907</u>
Long-Term Debt	10,000	10,000
Other Noncurrent Liabilities	13,576	16,244
Deferred Revenue	11,246	11,785
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,412 and 10,838,490 shares, respectively, issued and outstanding; stated at liquidation of \$15.75 per share	170,514	170,515
Common stock, \$.01 par value; 30,000,000 shares authorized; 13,992,906 and 13,862,738 shares, respectively, issued and outstanding	139	138
Capital in excess of par value	146,797	139,183
Retained earnings	289,631	265,198
Accumulated other comprehensive income	45,421	36,702
Total stockholders' equity	<u>652,502</u>	<u>611,736</u>
Total liabilities and stockholders' equity	<u>\$ 906,093</u>	<u>\$ 865,672</u>

*The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.*

*The interim condensed consolidated balance sheet at December 31, 2011 is taken from the audited consolidated financial statements at that date.*

**NATIONAL HEALTHCARE CORPORATION**  
**Interim Condensed Consolidated Statements of Cash Flows**  
*(Unaudited)*

	Nine Months Ended September 30	
	2012	2011
	<i>(in thousands)</i>	
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 43,523	\$ 49,546
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,168	21,344
Provision for doubtful accounts receivable	1,773	1,689
Equity in earnings of unconsolidated investments	(10,079)	(7,203)
Distributions from unconsolidated investments	6,301	4,232
Gains on sale of restricted marketable securities	(934)	(399)
Deferred income taxes	(299)	680
Stock-based compensation	1,925	2,253
Changes in operating assets and liabilities:		
Restricted cash and cash equivalents	(6,270)	(8,027)
Accounts receivable	2,971	7,995
Income tax receivable	3,779	—
Inventories	940	611
Prepaid expenses and other assets	(672)	(950)
Trade accounts payable	(4,288)	(1,498)
Accrued payroll	(3,386)	(2,660)
Amounts due to third party payors	2,238	670
Other current liabilities and accrued risk reserves	3,635	(12,319)
Entrance fee deposits	(1,498)	(1,343)
Other noncurrent liabilities	(2,668)	(1,907)
Deferred income	959	1,060
Net cash provided by operating activities	<u>60,118</u>	<u>53,774</u>
<b>Cash Flows From Investing Activities:</b>		
Additions to property and equipment	(14,888)	(17,881)
Acquisition of non-controlling interest in hospice business	(7,500)	—
Collections of notes receivable, net	336	1,573
Change in restricted cash and cash equivalents	20,940	10,901
Purchase of restricted marketable securities	(65,778)	(48,233)
Sale of restricted marketable securities	42,604	35,858
Net cash used in investing activities	<u>(24,286)</u>	<u>(17,782)</u>
<b>Cash Flows From Financing Activities:</b>		
Tax expense from stock-based compensation	(271)	(40)
Dividends paid to preferred stockholders	(6,503)	(6,503)
Dividends paid to common stockholders	(12,536)	(11,810)
Issuance of common shares	5,960	7,152
Change in deposits	217	(111)
Net cash used in financing activities	<u>(13,133)</u>	<u>(11,312)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	22,699	24,680
<b>Cash and Cash Equivalents, Beginning of Period</b>	61,008	28,478
<b>Cash and Cash Equivalents, End of Period</b>	<u>\$ 83,707</u>	<u>\$ 53,158</u>

*The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.*

**Section C Economic Feasibility – 4**  
**Historical & Projected Data Charts w/Assumptions**

HISTORICAL DATA CHART  
JULY 21 8 10 21

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in July 1st (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Days	5,899	6,265	5,939
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 12,818,641	\$ 15,941,200	\$ 16,498,486
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) _____			
<b>Gross Operating Revenue</b>	<b>\$ 12,818,641</b>	<b>\$ 15,941,200</b>	<b>\$ 16,498,486</b>
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (10,191,049)	\$ (13,476,711)	\$ (14,411,057)
2. Provision for Charity Care			
3. Provisions for Bad Debt			
<b>Total Deductions</b>	<b>\$ (10,191,049)</b>	<b>\$ (13,476,711)</b>	<b>\$ (14,411,057)</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 2,627,592</b>	<b>\$ 2,464,489</b>	<b>\$ 2,087,429</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 2,829,501	\$ 3,192,707	\$ 2,884,411
2. Physician's Salaries and Wages (Medical Services)			
3. Supplies			
4. Taxes			
5. Depreciation			
6. Rent			
7. Interest, other than Capital			
8. Management Fees:			
a. Fees to Affiliates			
a. Fees to Non-Affiliates	2,890,182	2,952,251	2,308,426
9. Other Expenses (Specify) _____			
<b>Total Operating Expenses</b>	<b>\$ 5,719,683</b>	<b>\$ 6,144,958</b>	<b>\$ 5,192,837</b>
E. Other Revenue (Expenses)--Net (Specify) _____			
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (3,092,091)</b>	<b>\$ (3,680,469)</b>	<b>\$ (3,105,408)</b>
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES</b>	<b>\$ (3,092,091)</b>	<b>\$ (3,680,469)</b>	<b>\$ (3,105,408)</b>

PROJECTED DATA CHART  
MAY 12 PM 3 03

Give information for the two (2) years following completion of this proposal. The fiscal year begins in November (Month).

	Mar-16	Mar-17
A. Utilization Data (Specify unit of measure) (Patient Days)	8,741	17,870
(Specify unit of measure) (% Occupancy)	46.05%	94.15%
B. Revenue from Services to Patients		
1. Inpatient Services	\$5,568,609	\$11,561,689
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
<b>Gross Operating Revenue</b>	<b>\$ 5,568,609</b>	<b>\$ 11,561,689</b>
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (1,419,297)	\$ (2,909,266)
2. Provision for Charity Care	(3,872)	(8,075)
3. Provisions for Bad Debt	(6,494)	(13,539)
<b>Total Deductions</b>	<b>\$ (1,429,663)</b>	<b>\$ (2,930,880)</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 4,138,946</b>	<b>\$ 8,630,809</b>
D. Operating Expenses		
1. Salaries and Wages	\$ 1,768,811	\$ 2,472,357
2. Physician's Salaries and Wages	60,001	62,700
3. Supplies	49,656	104,561
4. Taxes	68,409	71,487
5. Depreciation	269,145	269,145
6. Rent		
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	124,168	258,924
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	2,904,204	5,166,746
<b>Total Operating Expenses</b>	<b>\$ 5,244,394</b>	<b>\$ 8,405,920</b>
E. Other Revenue (Expenses)--Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (1,105,448)</b>	<b>\$ 224,889</b>
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (1,105,448)</b>	<b>\$ 224,889</b>
<b>LESS CAPITAL EXPENDITURES</b>		

PROJECTED DATA CHART SUPPLEMENT  
 NHC at Indian Path  
 PROJECTED DATA  
 YEAR 1

	Salaries	Other	Total
Inhalation Therapy		\$ 8,853	\$ 8,853
Occupational Therapy		551,018	551,018
Physical Therapy		483,153	483,153
Speech Pathology		149,684	149,684
Pharmacy		439,394	439,394
Lab and Radiology		38,878	38,878
IV Therapy		2,502	2,502
Nursing Service	1,185,378	395,185	1,580,563
Social Service	40,143	38,471	78,614
Activities	40,143	8,361	48,504
Dietary	141,989	115,510	257,499
Plant Operations	42,960	266,663	309,623
Housekeeping	69,503	25,234	94,737
Laundry and Linen	25,306	12,089	37,395
Medical Records	49,925	21,754	71,679
Adminstrative and General	173,464	347,455	520,919
Totals	<u>\$1,768,811</u>	<u>\$2,904,204</u>	<u>\$ 4,673,015</u>

PROJECTED DATA CHART SUPPLEMENT  
NHC at Indian Path  
PROJECTED DATA  
YEAR 2

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 18,643	\$ 18,643
Occupational Therapy		1,043,869	1,043,869
Physical Therapy		1,090,513	1,090,513
Speech Pathology		306,868	306,868
Pharmacy		925,240	925,240
Lab and Radilology		81,865	81,865
IV Therapy		5,269	5,269
Nursing Service	\$ 1,601,243	516,949	2,118,192
Social Service	97,027	19,878	116,905
Activities	41,146	12,834	53,980
Dietary	173,920	219,471	393,391
Plant Operations	44,034	279,528	323,562
Housekeeping	128,550	52,325	180,875
Laundry and Linen	37,076	22,335	59,411
Medical Records	99,665	45,209	144,874
Adminstrative and General	<u>249,696</u>	<u>525,950</u>	<u>775,646</u>
Totals	<u>\$2,472,357</u>	<u>\$5,166,746</u>	<u>\$ 7,639,103</u>



NHC at Indian Path  
OCCUPANCY SUMMARY  
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Apr-15	0.00	4.00	4.00	2.00	30	60	1,560	3.85%
May-15	4.00	4.00	8.00	6.00	31	186	1,612	11.54%
Jun-15	8.00	4.00	12.00	10.00	30	300	1,560	19.23%
Jul-15	12.00	4.00	16.00	14.00	31	434	1,612	26.92%
Aug-15	16.00	4.00	20.00	18.00	31	558	1,612	34.62%
Sep-15	20.00	4.00	24.00	22.00	30	660	1,560	42.31%
Oct-15	24.00	4.00	28.00	26.00	31	806	1,612	50.00%
Nov-15	28.00	4.00	32.00	30.00	30	900	1,560	57.69%
Dec-15	32.00	4.00	36.00	34.00	31	1,054	1,612	65.38%
Jan-16	36.00	4.00	40.00	38.00	31	1,178	1,612	73.08%
Feb-16	40.00	4.00	44.00	42.00	28	1,176	1,456	80.77%
Mar-16	44.00	4.00	48.00	46.00	31	1,429	1,612	88.65%
YEAR 1	0.00	48.00	48.00		365	8,741	18,980	46.05%
Apr-16	48.00	1.00	49.00	48.50	30	1,455	1,560	93.27%
May-16	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Jun-16	49.00	0.00	49.00	49.00	30	1,470	1,560	94.23%
Jul-16	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Aug-16	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Sep-16	49.00	0.00	49.00	49.00	30	1,470	1,560	94.23%
Oct-16	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Nov-16	49.00	0.00	49.00	49.00	30	1,470	1,560	94.23%
Dec-16	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Jan-17	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
Feb-17	49.00	0.00	49.00	49.00	28	1,372	1,456	94.23%
Mar-17	49.00	0.00	49.00	49.00	31	1,519	1,612	94.23%
YEAR 2	48.00	1.00	49.00		365	17,870	18,980	94.15%

PROJECTED REVENUES (TOTAL FACILITY) FOR NURSING HOME PROJECTS										PROJECTED OPERATING YEAR 1 ENDING				Mar-16		TOTAL (11)
PAGE 1	PVT -PVT (1)	Semi-Private (2)	SP - Comp (3)	ICF Meaid (3A)	MEDICARE (4)	Managed Care (5)	Hospice (6)	MEDICARE PART B (7)	MISC (8)	RESTRICTED GRANTS & DONATIONS (9)	NON NURSING HOME REVENUE (10)					
1 ROUTINE SERVICES					1,311,250	874,000							2,185,250			
2 PHYSICAL THERAPY					937,125	537,580		1,563					1,476,268			
3 SPEECH THERAPY					35,453	9,286		1,413					46,152			
4 OCCUPATIONAL THERAPY					825,826	451,694		239					1,277,759			
5 AUDIOLOGICAL THERAPY																
6 MEDICAL SUPPLIES					36,200	22,365							58,565			
7 PHARMACY					286,649	173,652							460,301			
8 LAE					13,605	7,723							21,328			
9 RADIOLOGY/MEDICAL SERVICES					17,000	4,503							21,503			
10 OTHER - INHALATION THERAPY					12,265	3,993							16,258			
10 OTHER ANCILLARY - IV THERAPY					1,266	832							2,098			
11 UNRESTRICTED GRANTS/DONATIONS																
12 OUTPATIENT CLINIC																
13 OTHER NURSING HOME REVENUE									3,127				3,127			
14 ALLOWANCE FOR BAD DEBTS					(6,486)	(3,872)		(8)					(10,366)			
15 CONTRACTUAL ADJUSTMENTS					(882,383)	(536,914)							(1,419,297)			
16 PRIVATE ROOM REVENUE																
17 TOTAL NURSING HOME REVENUE					2,587,770	1,544,842		3,207	3,127				4,138,946			
18 TOTAL RESTRICTED GRANTS/DONATIONS																
19 NON NURSING HOME REVENUES																
20 TOTAL REVENUE					2,587,770	1,544,842		3,207	3,127				4,138,946			
22 % OF NURSING HOME REVENUE					62.52%	37.32%		0.08%	0.08%				100.00%			
23 PATIENT DAYS					5,245	3,496							8,741			
24 % OF PATIENT DAYS					60.00%	40.00%							100.00%			
25 REVENUE PER PATIENT DAY	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	493.38	441.89	#DIV/0!		0.36				473.51			
26 TOTAL NUMBER NURSING HOME BEDS	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!									52			
27 TOTAL NUMBER OTHER BEDS																
28 AVERAGE OCCUPANCY NURSING HOME													46.05%			
29 AVERAGE OCCUPANCY OTHER																

PROJECTED REVENUES (TOTAL FACILITY) FOR NURSING HOME PROJECTS PAGE 2	#DIV/0!	PROJECTED OPERATING YEAR 2 ENDING										Mar-17	
		P/V T -P/V T (1)	Semi-Private (2)	SP - Comp (3)	ICF Mcaid (3A)	MEDICARE (4)	Managed Care (5)	Hospice (6)	MEDICARE PART B (7)	MISC (8)	RESTRICTED GRANTS & DONATIONS (9)		NON NURSING HOME REVENUE (10)
1 ROUTINE SERVICES						2,787,720	1,858,480	-					4,646,200
2 PHYSICAL THERAPY						1,915,848	1,099,022		3,195				3,018,065
3 SPEECH THERAPY						72,481	18,984		2,889				94,354
4 OCCUPATIONAL THERAPY						1,688,309	923,438		489				2,612,236
5 AUDIOLOGICAL THERAPY													
6 MEDICAL SUPPLIES						74,007	45,722						119,729
7 PHARMACY						586,022	355,013						941,035
8 LAB						27,813	15,790						43,603
9 RADIOLOGY/MEDICAL SERVICES						34,754	9,206						43,960
10 OTHER - INHALATION THERAPY						25,075	8,163						33,238
10 OTHER ANCILLARY - IV THERAPY						2,588							2,588
11 UNRESTRICTED GRANTS/DONATIONS													
12 OUTPATIENT CLINIC													
13 OTHER NURSING HOME REVENUE													
14 ALLOWANCE FOR BAD DEBTS						(13,523)	(8,075)			6,681			6,681
15 CONTRACTUAL ADJUSTMENTS						(1,805,314)	#####		(16)				(21,614)
16 PRIVATE ROOM REVENUE													
17 TOTAL NURSING HOME REVENUE						5,395,780	3,221,791		6,557				8,630,809
18 TOTAL RESTRICTED GRANTS/DONATIONS													
19 NON NURSING HOME REVENUES													
20 TOTAL REVENUE						5,395,780	3,221,791		6,557	6,681			8,630,809
22 % OF NURSING HOME REVENUE						62.52%	37.33%		0.08%				100.00%
23 PATIENT DAYS						10,722	7,148						17,870
24 % OF PATIENT DAYS						60.00%	40.00%						100.00%
25 REVENUE PER PATIENT DAY		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	503.24	450.73			0.37			482.98
26 TOTAL NUMBER NURSING HOME BEDS													52
27 TOTAL NUMBER OTHER BEDS													
28 AVERAGE OCCUPANCY NURSING HOME													
29 AVERAGE OCCUPANCY OTHER													94.15%

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NHC at Indian Path

ESTIMATED PPS PAYMENTS - 10/1/12 - 9/30/13

RUGS Category	Therapy Minutes	Rate	% of Medicare Residents in RUGS Category	Estimated Medicare Reimbursement
RUX	720	627.51	0.18%	1.11
RUL	720	614.73	0.16%	1.00
RVX	500	551.35	0.00%	-
RVL	500	497.71	0.00%	-
RHX	325	493.77	0.00%	-
RHL	325	442.69	0.00%	-
RMX	150	448.72	0.00%	-
RML	150	412.97	0.00%	-
RLX	45	390.56	0.00%	-
RUC	720	485.77	31.59%	153.44
RUB	720	485.77	51.19%	248.66
RUA	720	412.98	10.23%	42.26
RVC	500	410.88	2.41%	9.91
RVB	500	359.81	2.39%	8.60
RVA	500	358.53	0.40%	1.42
RHC	325	353.31	0.16%	0.58
RHB	325	320.11	0.24%	0.77
RHA	325	284.35	0.00%	-
RMC	150	306.98	0.35%	1.09
RMB	150	289.11	0.26%	0.76
RMA	150	240.59	0.00%	-
RLB	45	293.52	0.00%	-
RLA	45	192.64	0.00%	-
ES3		540.77	0.00%	-
ES2		424.58	0.00%	-
ES1		379.88	0.00%	-
HE2		367.11	0.00%	-
HE1		305.82	0.00%	-
HD2		344.13	0.00%	-
HD1		287.95	0.10%	0.29
HC2		324.98	0.00%	-
HC1		272.62	0.00%	-
HB2		321.14	0.00%	-
HB1		270.07	0.00%	-
LE2		333.91	0.00%	-
LE1		280.28	0.00%	-
ID2		321.14	0.00%	-
ID1		270.07	0.02%	0.06
IC2		282.84	0.00%	-
IC1		239.42	0.01%	0.02
IB2		268.79	0.00%	-
IB1		229.21	0.00%	-
CE2		298.16	0.00%	-
CE1		275.17	0.02%	0.06
CD2		282.84	0.00%	-
CD1		259.85	0.11%	0.29
CC2		248.36	0.00%	-
CC1		230.48	0.11%	0.26
CB2		230.48	0.00%	-
CB1		213.88	0.01%	0.02
CA2		196.01	0.00%	-
CA1		183.24	0.00%	-
BB2		207.50	0.00%	-
BB1		198.56	0.00%	-
BA2		173.02	0.00%	-
BA1		165.36	0.00%	-
PE2		275.17	0.00%	-
PE1		262.40	0.00%	-
PD2		259.85	0.00%	-
PD1		247.08	0.01%	0.02
PC2		224.10	0.00%	-
PC1		213.88	0.02%	0.05
PB2		190.90	0.00%	-
PB1		183.24	0.02%	0.04
PA2		158.98	0.00%	-
PA1		152.59	0.00%	-
DEFAULT RATE		152.59	0.00%	-
Projected Medicare Reimbursement			100.00%	470.71

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NHC at Indian Path  
ESTIMATED PPS PAYMENTS

<u>PROJECTED PPS RATE</u>	<u>PERIOD</u>	2.00%
470.71	10/1/12 - 9/30/13	
480.12	10/1/13 - 9/30/14	2% Increase
489.72	10/1/14 - 9/30/15	2% Increase
499.51	10/1/15- 9/30/16	2% Increase
509.50	10/1/16 - 9/30/17	2% Increase

YEAR 1 = 4/1/15 - 3/31/16

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 1 PROJECTED PPS RATE</u>
10/1/14 - 9/30/15	6	489.72	244.86
10/1/15- 9/30/16	6	499.51	249.76
	<u>12</u>		<u>494.62</u>

YEAR 2 = 4/1/16 - 3/31/17

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 2 PROJECTED PPS RATE</u>
10/1/15- 9/30/16	6	499.51	249.76
10/1/16 - 9/30/17	6	509.50	254.75
	<u>12</u>		<u>504.51</u>

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NHC at Indian Path  
52 Beds  
Expense Projection  
Year 1

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 8,853.31	\$ 1.01
INHALATION THERAPY			\$ -	\$ -
TOTAL INHALATION THERAPY			8,853.31	1.01
MEDICAL SUPPLIES			\$ 19,246.33	2.20
MEDICAL SUPPLIES			-	-
MEDICAL SUPPLIES			19,246.33	2.20
PHARMACY			\$ 430,732.78	49.28
PHARMACY			-	-
TOTAL PHARMACY			430,732.78	49.28
IV THERAPY			\$ 2,502.02	0.29
IV THERAPY			-	-
TOTAL IV THERAPY			2,502.02	0.29
LABORATORY			\$ 18,187.78	2.08
RADIOLOGY/Medical Services			\$ 20,689.80	2.37
PHYSICAL THERAPY	FTE	108.36% Rate		
Purchased Service - RPT	1.50	64.62	201,624.80	23.07
Purchased Service - LPTA	2.00	54.62	227,233.07	26.00
Purchased Service - Aides			-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			34,308.63	3.93
OTHER FRINGE - 3%			12,865.74	1.47
OTHER			7,121.14	0.81
TOTAL PHYSICAL THERAPY			483,153.37	55.27
OCCUPATIONAL THERAPY				
Purchased Service - OTR	2.00	64.62	268,833.07	30.76
Purchased Service - COTA	2.00	54.62	227,233.07	26.00
Purchased Service - Aides			-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			39,685.29	4.54
OTHER FRINGE - 3%			14,881.98	1.70
OTHER			384.93	0.04
TOTAL OCCUPATIONAL THERAPY			551,018.33	63.04
SPEECH THERAPY				
Purch Serv - SLP-CCC	1.00	64.62	134,416.53	15.38
Purch Serv - STA			-	-
Purchased Service - Aides			-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			10,753.32	1.23
OTHER FRINGE - 3%			4,032.50	0.46
OTHER			481.16	0.06
TOTAL SPEECH THERAPY			149,683.51	17.12
TOTAL ANCILLARY EXPENSES			1,684,067.24	192.66
NURSING SERVICE				
ICF RN			\$ 9,175.20	\$1.05
ICF LPN			3,165.60	0.36
ICF AIDES			6,251.88	0.72
SNF RN			660,420.00	75.55
SNF LPN			174,963.60	20.02
SNF AIDES			331,401.60	37.91
REHAB AIDES			-	-
PAYROLL TAXES (8%)			94,830.23	10.85
OTHER FRINGE (3%)			35,561.34	4.07
NURSING ADMIN SUPPLIES			19,246.33	2.20
PROFESSIONAL LIABILITY INSURANCE			204,360.00	23.38
EDUCATION			2,694.49	0.31
SMALL EQUIPMENT/REPAIRS			9,623.16	1.10
OTHER			28,869.49	3.30
TOTAL NURSING SERVICE			1,580,562.91	180.82

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			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			30,409.20	3.48
NON LEGEND DRUGS			8,660.85	0.99
SOCIAL SERVICE	FTE	108.36% Rate		
SALARIES - Director	1.00	19.17	39,873.60	4.56
SALARIES - Assistant	1.00	13.17	27,393.60	3.13
PAYROLL TAXES - 8%			5,381.38	0.62
OTHER FRINGE - 1%			672.67	0.08
MANAGEMENT FEE				-
OTHER			5,292.74	0.61
TOTAL SOCIAL SERVICE			78,613.99	8.99
ACTIVITIES	FTE	RATE		
SALARIES - Director	1.00	19.30	\$40,142.53	\$4.59
SALARIES - Assistant			-	-
PAYROLL TAXES - 8%			3,211.40	0.37
OTHER FRINGE - 3%			1,204.28	0.14
MANAGEMENT FEE				-
OTHER			3,945.50	0.45
TOTAL ACTIVITIES			48,503.71	5.55
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian				
SALARIES - Supervisor	1.00	29.07	60,473.00	6.92
SALARIES - Cooks	2.10	13.14	53,826.01	6.16
SALARIES - Aides	1.40	10.14	27,689.56	3.17
ETO & SICK DAYS - 8%			11,359.09	1.30
PAYROLL TAXES - 8%			11,359.09	1.30
OTHER FRINGE @ 3%			4,259.66	0.49
FOOD			72,173.72	8.26
MANAGEMENT FEE				-
SUPPLIES			5,773.90	0.66
OTHER			10,585.48	1.21
TOTAL DIETARY			257,499.49	29.46
PLANT OPERATIONS				
SALARIES - Supervisor	1.00	20.65	\$42,959.95	\$4.91
SALARIES - Assistant		13.94	-	-
PAYROLL TAXES - 8%			3,436.80	0.39
OTHER FRINGE - 2%			859.20	0.10
UTILITIES			242,640.00	27.76
REPAIRS & MAINTENANCE			4,811.58	0.55
GROUND MAINTENANCE			14,434.74	1.65
MANAGEMENT FEE				-
OTHER			481.16	0.06
TOTAL PLANT OPERATIONS			309,623.42	35.42
HOUSEKEEPING				
SALARIES - Supervisor	0.50	13.07	13,591.21	\$1.55
SALARIES - Staff	2.80	10.24	55,911.60	6.40
ETO & SICK - 8%			5,560.23	0.64
PAYROLL TAXES - 8%			5,560.23	0.64
OTHER FRINGE @ 3%			2,085.08	0.24
SUPPLIES			9,623.16	1.10
MANAGEMENT FEE				-
OTHER			2,405.79	0.28
TOTAL HOUSEKEEPING			94,737.30	10.84

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			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
SALARIES - Supervisor	0.50	13.07	13,591.21	1.55
SALARIES - Staff	0.70	8.58	11,714.81	1.34
ETO & SICK - 8%			2,024.48	0.23
PAYROLL TAXES - 8.25%			2,087.75	0.24
OTHER FRINGE @ 3%			759.18	0.09
SUPPLIES & LINEN			5,773.90	0.66
MANAGEMENT FEE			-	-
OTHER			1,443.47	0.17
TOTAL LAUNDRY & LINEN			37,394.80	4.28
MEDICAL SERVICES				
			60,000.00	6.86
MEDICAL RECORDS				
SALARIES - Director	1.00	24.00	49,924.60	5.71
SALARIES - Staff		22.75	-	-
PAYROLL TAXES - 8%			3,993.97	0.46
OTHER FRINGE @ 3%			1,497.74	0.17
SUPPLIES			1,828.40	0.21
MANAGEMENT FEE			-	-
OTHER			14,434.74	1.65
TOTAL MEDICAL RECORDS			71,679.45	8.20
ADMINISTRATIVE AND GENERAL				
SALARIES - Administrator	1.00	36.06	125,000.00	14.30
SALARIES - Bookkeeper	1.00	18.61	38,700.01	4.43
SALARIES - Bookkeeper		14.61	-	-
SALARIES - Secretary		11.74	-	-
SALARIES - Receptionist	0.40	11.74	9,764.03	1.12
PAYROLL TAXES			13,877.12	1.59
OTHER FRINGE			39,896.73	4.56
HEALTH INSURANCE			105,469.87	12.07
MANAGEMENT FEES			124,168.00	14.21
FEES MEMBERSHIP & DUES			192.46	0.02
TELEPHONE			15,000.00	1.72
EDUCATION			12,000.00	1.37
SUPPLIES			2,790.72	0.32
REPAIRS & MAINT - SMALL EQUIPMENT			2,405.79	0.28
STATE TAX FEE			117,000.00	13.39
OTHER			28,869.49	3.30
TOTAL ADMINISTRATIVE EXPENSES			635,134.23	72.66
TOTAL OPERATING EXPENSES			4,896,886.59	560.22
NET OPERATING INCOME			(757,940.21)	(86.71)
FIXED EXPENSES				
NHR LEASE PAYMENT			-	-
INTEREST - WORKING CAPITAL			-	-
DEPRECIATION			269,145.00	30.79
PROPERTY INSURANCE			9,953.00	1.14
PROPERTY TAXES			68,409.00	7.83
TOTAL FIXED EXPENSES			347,507.00	39.76
TOTAL NURSING HOME COSTS			\$5,244,393.59	\$599.98



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REHAB AIDES		5		5.00%		=		30		\$	
		ORIENTATION									
CATEGORY	(FTEs) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL ORIENTATION HOURS	DAILY ORIENTATION HOURS	AVG PAY RATE	DAILY TOTAL	MO PAY TOTAL			
RN	8.40	100.00%	8.40	336.00	0.92	\$27.69	25.49	x	30.00		
LPN	4.20	100.00%	4.20	168.00	0.46	\$19.10	8.79	x	30.00		
CNA	12.60	100.00%	12.60	472.50	1.29	\$13.42	17.37	x	30.00		
REHAB AIDES		100.00%					x		30.00		
	25.20		25.20	976.50	2.68						
									TOTAL NURSING SALARIES \$ 98,781.49		

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NHC at Indian Path

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 1 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720	0.18%	5,245	9	103	927
RUL	720	0.16%	5,245	9	103	927
RVX	500		5,245	-	71	-
RVL	500		5,245	-	71	-
RHX	325		5,245	-	46	-
RHL	325		5,245	-	46	-
RMX	150		5,245	-	21	-
RML	150		5,245	-	21	-
RLX	45		5,245	-	6	-
RUC	720	31.59%	5,245	1,657	103	170,671
RUB	720	51.19%	5,245	2,685	103	276,555
RUA	720	10.23%	5,245	537	103	55,311
RVC	500	2.41%	5,245	126	71	8,946
RVB	500	2.39%	5,245	125	71	8,875
RVA	500	0.40%	5,245	21	71	1,491
RHC	325	0.16%	5,245	9	46	414
RHB	325	0.24%	5,245	13	46	598
RHA	325		5,245	-	46	-
RMC	150	0.35%	5,245	19	21	399
RMB	150	0.26%	5,245	14	21	294
RMA	150		5,245	-	21	-
RLB	45		5,245	-	6	-
RLA	45		5,245	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				5,224		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 525,408  
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 4.21

TOTAL MEDICARE RESIDENTS 14.37  
TOTAL MANAGED CARE RESIDENTS 9.58  
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 2.81

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ 3,207  
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75  
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) 171  
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS 2,565  
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS 0.02  
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 7.04  
NON PRODUCTIVE FACTOR (20%) 1.41  
**TOTAL THERAPY STAFF REQUIRED** **8.45**

PROPOSED THERAPY STAFF				
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.4759	24	4,160	2.00
COTA	0.4759	24	4,160	2.00
OT AIDES	-	24	-	-
Purch Service		24		
RPT	0.3569	24	3,120	1.50
LPTA	0.4759	24	4,160	2.00
PT AIDES	-	24	-	
Purch Service		24		
SLP - CCC	0.2380	24	2,080	1.00
STA	-	24	-	-
ST AIDE	-	24	-	-
Purch Service		24		
TOTAL THERAPY STAFF PER BUDGET				8.50

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			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 18,642.59	\$ 1.04
INHALATION THERAPY			-	-
TOTAL INHALATION THERAPY			\$ 18,642.59	\$ 1.04
MEDICAL SUPPLIES			\$ 40,527.38	2.27
PHARMACY			\$ 907,002.71	50.76
PHARMACY			-	-
TOTAL PHARMACY			907,002.71	50.76
IV THERAPY - Medicare/Managed Care			\$ 5,268.56	0.29
IV THERAPY - Private/Medicaid			-	-
TOTAL IV THERAPY			5,268.56	0.29
LABORATORY			38,298.37	2.14
RADIOLOGY			43,566.93	2.44
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	3.00	66.24	413,316.80	23.13
Purchased Service - LPTA	4.75	56.24	555,618.27	31.09
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			77,514.81	4.34
OTHER FRINGE - 3%			29,068.05	1.63
OTHER			14,995.13	0.84
TOTAL PHYSICAL THERAPY			1,090,513.06	61.02
OCCUPATIONAL THERAPY				
Purchased Service - OTR	3.00	66.24	413,316.80	23.13
Purchased Service - COTA	4.50	56.24	526,375.20	29.46
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			75,175.36	4.21
OTHER FRINGE - 3%			28,190.76	1.58
OTHER			810.55	0.05
TOTAL OCCUPATIONAL THERAPY			1,043,868.67	58.41
SPEECH THERAPY				
Purch Serv - SLP-CCC	2.00	66.24	275,544.53	15.42
Purch Serv - STA	-	-	-	-
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS - 10%			-	-
PAYROLL TAXES - 8%			22,043.56	1.23
OTHER FRINGE - 3%			8,266.34	0.46
OTHER			1,013.18	0.06
TOTAL SPEECH THERAPY			306,867.61	17.17
TOTAL ANCILLARY EXPENSES			3,494,555.88	195.55
NURSING SERVICE				
ICF RN			\$13,587.24	\$0.76
ICF LPN			4,702.32	0.26
ICF AIDES			12,104.28	0.68
SNF RN			739,962.00	41.41
SNF LPN			179,337.60	10.04
SNF AIDES			651,549.60	36.46
REHAB AIDES			-	-
PAYROLL TAXES - 8%			128,099.44	7.17
OTHER FRINGE - 3%			48,037.29	2.69
NURSING ADMIN SUPPLIES			40,527.38	2.27
PROFESSIONAL LIABILITY INSURANCE			213,556.20	11.95
EDUCATION			5,673.83	0.32
SMALL EQUIPMENT/REPAIRS			20,263.69	1.13
OTHER			60,791.07	3.40
TOTAL NURSING SERVICE			2,118,191.94	118.53

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Expense Projection  
Year 2

			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			64,033.26	3.58
NON LEGEND DRUGS			18,237.32	1.02
SOCIAL SERVICE	FTE	111.07% Rate		
SALARIES - Director	1.00	19.65	\$40,870.44	\$2.29
SALARIES - Assistant	2.00	13.50	56,156.88	3.14
PAYROLL TAXES - 8%			7,762.19	0.43
OTHER FRINGE - 1%			970.27	0.05
MANAGEMENT FEE			-	-
OTHER			11,145.03	0.62
TOTAL SOCIAL SERVICE			116,904.81	6.54
ACTIVITIES	FTE	RATE		
SALARIES - Director	1.00	19.78	\$41,146.09	\$2.30
SALARIES - Assistant			-	-
PAYROLL TAXES - 8%			3,291.69	0.18
OTHER FRINGE - 3%			1,234.38	0.07
MANAGEMENT FEE			-	-
OTHER			8,308.11	0.46
TOTAL ACTIVITIES			53,980.28	3.02
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian				
SALARIES - Supervisor	1.00	29.80	61,984.82	3.47
SALARIES - Cooks	2.10	13.47	55,171.66	3.09
SALARIES - Aides	2.80	10.40	56,763.59	3.18
ETO & SICK DAYS - 8%			13,913.61	0.78
PAYROLL TAXES - 8%			13,913.61	0.78
OTHER FRINGE @ 3%			5,217.60	0.29
FOOD			151,977.67	8.50
MANAGEMENT FEE			-	-
SUPPLIES			12,158.21	0.68
OTHER			22,290.06	1.25
TOTAL DIETARY			393,390.82	22.01
PLANT OPERATIONS				
SALARIES - Supervisor	1.00	21.17	\$44,033.94	\$2.46
SALARIES - Assistant		14.28	-	-
PAYROLL TAXES - 8%			3,522.72	0.20
OTHER FRINGE - 2%			1,321.02	0.07
UTILITIES			253,558.80	14.19
REPAIRS & MAINTENANCE			5,028.10	0.28
GROUND MAINTENANCE			15,084.31	0.84
MANAGEMENT FEE			-	-
OTHER			1,013.18	0.06
TOTAL PLANT OPERATIONS			323,562.07	18.11
HOUSEKEEPING				
SALARIES - Supervisor	0.50	13.40	13,930.99	\$0.78
SALARIES - Staff	5.60	10.50	114,618.79	6.41
ETO & SICK - 8%			10,283.98	0.58
PAYROLL TAXES - 8%			10,283.98	0.58
OTHER FRINGE @ 5%			6,427.49	0.36
SUPPLIES			20,263.69	1.13
MANAGEMENT FEE			-	-
OTHER			5,065.92	0.28
TOTAL HOUSEKEEPING			180,874.84	10.12

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Expense Projection  
Year 2

			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
SALARIES - Supervisor	0.50	13.40	13,060.30	0.73
SALARIES - Staff	1.40	8.80	24,015.36	1.34
ETO & SICK - 8%			2,966.05	0.17
PAYROLL TAXES - 8.25%			3,058.74	0.17
OTHER FRINGE @ 3%			1,112.27	0.06
SUPPLIES & LINEN			12,158.21	0.68
MANAGEMENT FEE				-
OTHER			3,039.55	0.17
TOTAL LAUNDRY & LINEN			59,410.50	3.32
MEDICAL SERVICES			62,700.00	3.51
MEDICAL RECORDS				
SALARIES - Director	1.00	24.60	51,172.71	\$2.86
SALARIES - Staff	1.00	23.31	48,492.79	2.71
PAYROLL TAXES - 8%			7,973.24	0.45
OTHER FRINGE @ 3%			2,989.96	0.17
SUPPLIES			3,850.10	0.22
MANAGEMENT FEE				-
OTHER			30,395.53	1.70
TOTAL MEDICAL RECORDS			144,874.33	8.11
ADMINISTRATIVE AND GENERAL				
SALARIES - Administrator	1.00		175,000.00	\$9.79
SALARIES - Bookkeeper	1.00	19.07	39,667.51	2.22
SALARIES - Bookkeeper		14.97	-	-
SALARIES - Secretary		12.03	-	-
SALARIES - Receptionist	1.40	12.03	35,028.47	1.96
PAYROLL TAXES			19,975.68	1.12
OTHER FRINGE			57,430.08	3.21
HEALTH INSURANCE			222,090.03	12.43
MANAGEMENT FEES			258,924.00	14.49
FEES MEMBERSHIP & DUES			405.27	0.02
TELEPHONE			15,675.00	0.88
EDUCATION			12,540.00	0.70
TRAVEL			5,876.47	0.33
REPAIRS & MAINT - SMALL EQUIPMENT			5,065.92	0.28
STATE TAX FEE			115,700.00	6.47
OTHER			60,791.07	3.40
TOTAL ADMINISTRATIVE EXPENSES			1,024,169.50	57.31
TOTAL OPERATING EXPENSES			8,054,885.55	450.75
NET OPERATING INCOME			575,923.45	32.23
FIXED EXPENSES				
NHR LEASE PAYMENT			-	-
INTEREST - WORKING CAPITAL			-	-
DEPRECIATION			269,145.00	15.06
PROPERTY INSURANCE			10,400.89	0.58
PROPERTY TAXES			71,487.41	4.00
TOTAL FIXED EXPENSES			351,033.29	19.64
TOTAL NURSING HOME COSTS			\$8,405,918.84	\$470.39

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RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 2 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720	0.18%	10,722	19	103	1,957
RUL	720	0.16%	10,722	17	103	1,751
RVX	500		10,722	-	71	-
RVL	500		10,722	-	71	-
RHX	325		10,722	-	46	-
RHL	325		10,722	-	46	-
RMX	150		10,722	-	21	-
RML	150		10,722	-	21	-
RLX	45		10,722	-	6	-
RUC	720	31.59%	10,722	3,387	103	348,861
RUB	720	51.19%	10,722	5,488	103	565,264
RUA	720	10.23%	10,722	1,097	103	112,991
RVC	500	2.41%	10,722	259	71	18,389
RVB	500	2.39%	10,722	256	71	18,176
RVA	500	0.40%	10,722	43	71	3,053
RHC	325	0.16%	10,722	17	46	782
RHB	325	0.24%	10,722	26	46	1,196
RHA	325		10,722	-	46	-
RMC	150	0.35%	10,722	38	21	798
RMB	150	0.26%	10,722	28	21	588
RMA	150		10,722	-	21	-
RLB	45		10,722	-	6	-
RLA	45		10,722	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				10,675		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 1,073,806  
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 8.60

TOTAL MEDICARE RESIDENTS 29.38  
TOTAL MANAGED CARE RESIDENTS 19.58  
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 5.73

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ 6,557  
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75  
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) 350  
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS 5,250  
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS 0.04  
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 14.37  
NON PRODUCTIVE FACTOR (20%) 2.87  
**TOTAL THERAPY STAFF REQUIRED** **17.24**

PROPOSED THERAPY STAFF				
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.3492	49	6,240	3.00
COTA	0.5238	49	9,360	4.50
OT AIDES	-	49	-	-
Purch Service		49		
RPT	0.3492	49	6,240	3.00
LPTA	0.5529	49	9,880	4.75
PT AIDES	-	49	-	-
Purch Service		49		
SLP - CCC	0.2328	49	4,160	2.00
STA	-	49	-	-
ST AIDE	-	49	-	-
Purch Service		49		
TOTAL THERAPY STAFF PER BUDGET				17.25

NHC at Indian Path  
Applicant's Projected Payor Mix by Level of Care

YEAR 1									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	
Medicare/Skilled Care	263	5,245	14.37	3,476,639	(888,869)	2,587,770	62.52%	493.38	
Managed Care/Tenn Care Skilled Care	163	3,496	9.58	2,085,628	(540,786)	1,544,842	37.32%	441.89	
Private Pay - Skilled	-	-	-	-	-	-	0.00%		
Managed Care/Tenn Care ICF	-	-	-	-	-	-	0.00%		
Hospice	-	-	-	-	-	-	0.00%		
Private Pay - ICF	-	-	-	-	-	-	0.00%		
Medicare Part B	-	-	-	3,215	(8)	3,207	0.08%	0.37	(1)
Other Revenue	-	-	-	3,127	-	3,127	0.08%	0.36	(1)
							100.00%		
Total - Skilled	426	8,741	23.95	5,562,267	(1,429,655)	4,132,612	99.85%	472.78	
Total - ICF	-	-	-	-	-	-	0.00%		
Total Other Revenue	-	-	-	6,342	(8)	6,334	0.15%	0.72	
Grand Total	426	8,741	23.95	5,568,609	(1,429,663)	4,138,946	100.00%	473.51	

YEAR 2									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	% Inflation
Medicare/Skilled Care	488	10,722	29.38	7,214,617	(1,818,837)	5,395,780	62.52%	503.24	2.00%
Managed Care/Tenn Care Skilled Care	333	7,148	19.58	4,333,818	(1,112,027)	3,221,791	37.33%	450.73	2.00%
Private Pay - Skilled	-	-	-	-	-	-	0.00%		
Managed Care/Tenn Care ICF	-	-	-	-	-	-	0.00%		
Hospice	-	-	-	-	-	-	0.00%		
Private Pay - ICF	-	-	-	-	-	-	0.00%		
Medicare Part B	-	-	-	6,573	(16)	6,557	0.08%	0.37	0.01%
Other Revenue	-	-	-	6,681	-	6,681	0.08%	0.37	4.50%
							100.00%		
Total - Skilled	821	17,870	48.96	11,548,435	(2,930,864)	8,617,571	99.85%	482.24	2.00%
Total - ICF	-	-	-	-	-	-	0.00%		
Total Other Revenue	-	-	-	13,254	(16)	13,238	0.15%	0.74	2.22%
Grand Total	821	17,870	48.96	11,561,689	(2,930,880)	8,630,809	100.00%	482.98	2.00%

(1) - Medicare Part B Revenue and other revenue is divided by total patient days to determine PPD amount.



**NHC at Indian Path  
52 Bed Center**

Staffing - Full Time Equivalents  
Year 2

	<u>52 Beds</u>
Administrator	1.00
Medical Director	*
Secretary	
Receptionist	1.40
Bookkeeper	1.00
RN's	8.40
LPN's	4.20
Aides	22.40
DON	1.00
Nursing Supply Clerk	0.50
Nursing Secretary	0.50
MDS Coordinator	2.00
Alzheimer Nursing Coordinator	
ADON	
Rehab Aides	
Assisted Living	
Medical Records - Head	1.00
Medical Records - Staff	1.00
Speech Therapy	*
Occupational Therapy	*
Physical Therapy	*
Dietary	5.90
Laundry	1.90
Housekeeping	6.10
Maintenance - Dept Head	1.00
Maintenance - Staff	
Other (spec.)	
Activities - Dept Head	1.00
Activiteis - Alzheimer	
Activities Staff	
Social Services - Dept Head	1.00
Social Services - Staff	<u>2.00</u>
Total	63.30

\* Consultants

NHC at Indian Path  
52 Bed Center  
Economic Feasibility

- (c)(1)(A) By the end of the second year of the projection NHC at Indian Path will have a debt service coverage ratio greater than or equal to the required ratio of 1.25.
- (c)(1)(B) The project will meet or exceed the required current ratio of 1.25 by the end of the second year of the projection.
- (c)(1)(C) At the end of each year of the projection, the project will meet or exceed the required days cash on hand of greater than or equal to fifteen (15) days.
- (c)(1)(D) The required long term debt as a percent of total capital of less than or equal to ninety percent (90%) will be met by this project at the end of the second year of the projection.

## **Section C – Economic Feasibility – 6b**

### **Estimated Rates**

# Sullivan County 2011 Nursing Home Rates

NURSING HOMES	SNF/Medicare (Avg Daily Charge)	2011 Rates					
		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Bristol Nursing Home	\$441.00	\$152.00	\$152.00	\$162.00	\$162.00	\$152.00	\$152.00
2 Holston Manor	\$328.00	\$134.00	\$139.00	\$173.00	\$173.00	\$173.00	\$173.00
3 Greystone Health Care Center	\$409.00	\$178.00	\$152.00	N/A	\$178.00	N/A	N/A
4 Brookhaven Manor	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00	\$175.00
5 The Cambridge House	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 The Wexford House	\$502.00	\$152.00	\$163.00	\$200.00	\$195.00	\$200.00	\$185.00
7 Indian Path Medical Center - TCU	\$2,558.00	\$2,860.00	N/A	\$1,905.00	N/A	N/A	N/A
<b>Average Rates</b>	<b>\$371.00</b>	<b>\$158.20</b>	<b>\$156.20</b>	<b>\$177.50</b>	<b>\$176.60</b>	<b>\$175.00</b>	<b>\$171.25</b>

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge

Indian Path - TCU has been omitted from the average rates

# Sullivan County 2014 Nursing Home Rates

NURSING HOMES	2011 Inflated Rates						
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Bristol Nursing Home	\$503.25	\$173.46	\$173.46	\$184.87	\$184.87	\$173.46	\$173.46
2 Holston Manor	\$374.30	\$152.92	\$158.62	\$197.42	\$197.42	\$197.42	\$197.42
3 Greystone Health Care Center	\$466.74	\$203.13	\$173.46	N/A	\$203.13	N/A	N/A
4 Brookhaven Manor	\$199.70	\$199.70	\$199.70	\$199.70	\$199.70	\$199.70	\$199.70
5 The Cambridge House	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 The Wexford House	\$572.87	\$173.46	\$186.01	\$228.23	\$222.53	\$228.23	\$211.12
7 Indian Path Medical Center - TCU	\$2,919.10	\$3,263.74	N/A	\$2,173.92	N/A	N/A	N/A
<b>Average Rates</b>	<b>\$423.37</b>	<b>\$180.53</b>	<b>\$178.25</b>	<b>\$202.56</b>	<b>\$201.53</b>	<b>\$199.70</b>	<b>\$195.42</b>

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2014

Indian Path - TCU has been omitted from the average rates

# Sullivan County 2015 Nursing Home Rates

NURSING HOMES	2011 Inflated Rates						
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Bristol Nursing Home	\$525.90	\$181.26	\$181.26	\$193.19	\$193.19	\$181.26	\$181.26
2 Holston Manor	\$391.15	\$159.80	\$165.76	\$206.31	\$206.31	\$206.31	\$206.31
3 Greystone Health Care Center	\$487.74	\$212.27	\$181.26	N/A	\$212.27	N/A	N/A
4 Brookhaven Manor	\$208.69	\$208.69	\$208.69	\$208.69	\$208.69	\$208.69	\$208.69
5 The Cambridge House	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 The Wexford House	\$598.64	\$181.26	\$194.38	\$238.50	\$232.54	\$238.50	\$220.62
7 Indian Path Medical Center - TCU	\$3,050.46	\$3,410.60	N/A	\$2,271.75	N/A	N/A	N/A
<b>Average Rates</b>	<b>\$442.42</b>	<b>\$188.66</b>	<b>\$186.27</b>	<b>\$211.67</b>	<b>\$210.60</b>	<b>\$208.69</b>	<b>\$204.22</b>

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2015

Indian Path - TCU has been omitted from the average rates

# Sullivan County 2016 Nursing Home Rates

NURSING HOMES	2011 Inflated Rates						
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Bristol Nursing Home	\$549.57	\$189.42	\$189.42	\$201.88	\$201.88	\$189.42	\$189.42
2 Holston Manor	\$408.75	\$166.99	\$173.22	\$215.59	\$215.59	\$215.59	\$215.59
3 Greystone Health Care Center	\$509.69	\$221.82	\$189.42	N/A	\$221.82	N/A	N/A
4 Brookhaven Manor	\$218.08	\$218.08	\$218.08	\$218.08	\$218.08	\$218.08	\$218.08
5 The Cambridge House	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6 The Wexford House	\$625.58	\$189.42	\$203.13	\$249.24	\$243.01	\$249.24	\$230.54
7 Indian Path Medical Center - TCU	\$3,187.73	\$3,564.08	N/A	\$2,373.98	N/A	N/A	N/A
<b>Average Rates</b>	<b>\$462.33</b>	<b>\$197.15</b>	<b>\$194.65</b>	<b>\$221.20</b>	<b>\$220.08</b>	<b>\$218.08</b>	<b>\$213.41</b>

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2016

Indian Path - TCU has been omitted from the average rates

cc Grace P  
Vanessa J.



STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
5904 LYONS VIEW PIKE, BLDG. 1  
KNOXVILLE, TENNESSEE 37919

August 16, 2011

Mr. Monty McLaurin, Administrator  
Indian Path Transitional Care Unit  
2000 Brookside Drive  
Kingsport TN 37660

RE: 44-5355

Dear Mr. McLaurin:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey on July 26 – 28, 2011. A desk review of your plan of correction for deficiencies cited as a result of the survey was conducted August 11, 2011. Based on the review, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements as of August 8, 2011.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-588-5656 or by fax: 865-594-5739.

Sincerely,

*Karen Kirby/afl*

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK: afl



Mountain States Health Alliance  
Indian Path Medical Center  
Transitional Care Unit  
2000 Brookside Drive  
Kingsport TN 37660

August 8, 2011

Karen B. Kirby, RN  
State of Tennessee Dept of Health  
Office of Health, Licensure, and Regulation  
East Tennessee Region  
5904 Lyons View Pike, Bldg 1  
Knoxville, TN 37919

Ms. Kirby,

Enclosed is the Plan of Correction for Indian Path Medical Center Transitional Care Unit as a result of the findings from the annual survey conducted on July 28, 2011. We thank you for a thorough survey and have initiated a change in our practices to meet CMS compliance standards.

Sincerely,



Vanessa Jessee, RNC  
Director of Nursing  
Transitional Care Unit



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
5904 LYONS VIEW PIKE, BLDG. 1  
KNOXVILLE, TENNESSEE 37919

**IMPORTANT NOTICE - PLEASE READ CAREFULLY**

August 3, 2011

Mr. Monty McLaurin, Administrator  
Indian Path Transitional Care Unit  
2000 Brookside Drive  
Kingsport TN 37660

RE: 44-5355

Dear Mr. McLaurin:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey on July 26 - 28, 2011. This letter to you is to serve as notice that as a result of the survey/investigation completed **July 28, 2011**, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **September 11, 2011**, our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

**Mandatory Remedies**

If you do not achieve substantial compliance by **October 28, 2011**, (3 months after the last day of the survey identifying noncompliance **July 28, 2011**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **January 28, 2012**, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

Mr. Monty McLaurin, Administrator  
August 3, 2011  
Page 2

Plan of Correction (POC)

A POC for the deficiencies must be submitted by **August 13, 2011**. Failure to submit an acceptable POC by **August 13, 2011** may result in the imposition of remedies by **September 11, 2011**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

INFORMAL DISPUTE RESOLUTION

In accordance with 488.331, you have one opportunity to question cited deficiencies. You may request a Face to Face IDR for substandard level deficiencies, harm level deficiencies and immediate jeopardy level deficiencies. All other deficiencies will receive a desk review (telephone or written) by the Regional Office that cited the deficiency. These requests must be made within the same 10-calendar day period that you have for submitting an acceptable plan of correction and must contain additional justification as to why the deficiency(ies) should not have been written for harm level deficiencies or other deficiencies that are not substandard or immediate jeopardy. Evidence to dispute the scope and severity levels may only be submitted for substandard or immediate jeopardy deficiencies. Additional information which must be submitted with your request for an IDR is limited to no more than five (5) typed pages with a font size of no less than ten (10). If the facility is requesting a desk review in addition to a face to face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter, telephone 865-588-5656 or fax number 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-588-5656 or by fax: 865-594-5739

Sincerely,

*Karen B. Kirby/med*

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK:af1

Enclosure

2011-08-02 16:07

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PRINTED: 08/02/2011

FORM APPROVED

OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445355	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  07/28/2011
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE			STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 157 SS=D	<p>483.10(b)(11) NOTIFY OF CHANGES (INJURY/DECLINE/ROOM, ETC)</p> <p>A facility must immediately inform the resident; consult with the resident's physician; and if known, notify the resident's legal representative or an interested family member when there is an accident involving the resident which results in injury and has the potential for requiring physician intervention; a significant change in the resident's physical, mental, or psychosocial status (i.e., a deterioration in health, mental, or psychosocial status in either life threatening conditions or clinical complications); a need to alter treatment significantly (i.e., a need to discontinue an existing form of treatment due to adverse consequences, or to commence a new form of treatment); or a decision to transfer or discharge the resident from the facility as specified in §483.12(a).</p> <p>The facility must also promptly notify the resident and, if known, the resident's legal representative or interested family member when there is a change in room or roommate assignment as specified in §483.15(e)(2); or a change in resident rights under Federal or State law or regulations as specified in paragraph (b)(1) of this section.</p> <p>The facility must record and periodically update the address and phone number of the resident's legal representative or interested family member.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, observation, and interview, the facility failed to immediately</p>	F 157	<p>What corrective action will be accomplished for those residents found to have been affected by the deficient practice?</p> <p>The final urine culture was reported from the lab on 7/24/11 and not called to the MD. It was reported on 7/25 and antibiotic therapy was initiated. This was a delay in treatment with no significant harm to the resident.</p> <p>How will the facility identify other residents having the potential to be affected by the same deficient practice and what action will be taken?</p> <p>A. The nurse who did not call the report to the physician on 7/24/11 was counseled.</p> <p>B. The other TCU nurses were informed of the deficiency details on 7/26/2011. Director educated the nurses that new lab reports must be reviewed daily and any positive lab cultures must be called to the physician if he/she does not round that day.</p> <p>Continued on next page</p>	07/25/11	07/24/11 07/26/11

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE



VP/CEO

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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PRINTED: 08/02/2011

FORM APPROVED

OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445355	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  07/28/2011		
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE			STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660				
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE			
F 157	<p>Continued From page 1</p> <p>notify the physician of the presence of a Urinary Tract Infection for one resident (#3) of 5 residents reviewed.</p> <p>The findings included:</p> <p>Resident #5 was admitted from the hospital to the facility on July 19, 2011, with diagnoses including Post Open Reduction and Internal Fixation of a Right Hip Fracture, Right Humerus Fracture, and Urinary Tract Infection. Medical record review revealed an indwelling urinary catheter was removed prior to admission to the facility.</p> <p>Medical record review of the Interim Microbiology Report revealed a urine specimen was collected on July 21, 2011, and reported to the facility on July 23, 2011, at 7:06 p.m., with the result, "...greater than 100,000 cfu/ml (colonies per milliliter) of Gram Negative Rods."</p> <p>Medical record review of the physician's orders on July 21, 2011, revealed an antibiotic was ordered, "Rocephin 1g IV (intravenous) x1 tonight and then ask Dr. _____ tomorrow."</p> <p>Medical record review of the physician's orders on July 25, 2011, revealed an antibiotic (Levaquin) had been initiated in response to the positive urine culture reported to the facility on July 23, 2011.</p> <p>Observation and interview with the resident at 10:20 a.m., on July 26, 2011, revealed the resident stated they continued to be incontinent of urine.</p>	F 157	<p>C. Lab reports all positive cultures to the facility IPP (Infection Prevention Practitioner). It is a daily electronic report. Within the report is the name of the resident, location, type of culture, and antibiotic treatment that is initiated. The IPP reviews this report daily (including weekends) and will contact the TCU unit and the unit DON whenever there is a positive culture and the antibiotic therapy has not been initiated.</p> <p>D. A Clinical Pharmacist will be assigned to view the report in the absence of the IPP and will communicate this information as needed.</p> <p>What measures will be put into place or what systemic changes will be made to ensure that the deficient practice does not recur?</p> <p>A. The DON requested on 8/5/11 for the MSHA Informatics Department to create an electronic alert for positive culture reports. The IS Department will work with the software vendor to write a program to produce a link that initiates an alert. The next meeting will be August 24<sup>th</sup> of the IT/Clinical Task Force, the group that will be working on this alert.</p> <p>B. A concurrent review of all cultures-results and initiation of antibiotic therapy has been put into place as of August 3<sup>rd</sup>, 2011.</p>	08/03/11	08/03/11	08/05/11	08/03/11

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/02/2011  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445355	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  07/28/2011
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE			STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 157	Continued From page 2  Interview in the employee health office with Licensed Practical Nurse (LPN) #1, on July 27, 2011 at 11:00 a.m., verified the LPN had not followed up with the physician on July 22, 2011, as requested by the physician on the evening of July 21, 2011, when an antibiotic had been initiated.  Interview in the employee health office with the Director of Nursing (DON) on July 28, 2011, at 10:00 a.m., confirmed the positive urine culture had not been communicated to the physician prior to July 25, 2011.	F 157	How will the corrective actions be monitored to ensure the deficient practice will not recur?  A. Ongoing practices are now in place to review the culture reports and antibiotic therapy initiation by the facility IPP with reporting of any delayed initiation reported to the DON and the unit Shift Leader who would then notify the MD. This report generates 4 hours after the cultures are uploaded into the electronic medical record.  B. The DON will do progressive counseling with any individual nurse who does not follow the accepted practice of notifying the MD of any abnormal lab results requiring interventions.  C. All labs are electronically posted in the resident record for viewing by the nurse and physician or practitioner. As a backup to the above process, paper copies of daily labs will be generated for TCU for one month. To monitor the effectiveness of the process to communicate all positive culture reports on the day they post to the department if antibiotics have not been started, the DON or Shift Leader will also review the paper printed reports and note actions taken on the positive culture reports. There is a TCU shift leader/charge nurse assigned each shift and he/she will view these reports that potentially would generate on the weekend and when MD's are more likely not to round. These will be reviewed by the DON at the end of the 30 days to see if there is a deficient practice, or if the cited occurrence of delay of treatment was an isolated event.	08/03/11  08/08/11  08/08/11	

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PRINTED: 07/29/2011  
FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN8205	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  07/28/2011
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITION		STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETE DATE
N 002	1200-8-6 No Deficiencies  During the annual licensure survey conducted on July 28, 2010, there was no deficiencies cited under Chapter 1200-8-6, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

TITLE VP/CEO

(X5) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

0000

827511

If continuation sheet 1 of 1

2011-08-02 16:08

DC0547PM13501

148

8652125642 &gt;&gt;

423 857 7109 P 8/9

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 07/28/2011  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445355	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED  07/26/2011
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE			STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 000	INITIAL COMMENTS  There were no life safety code deficiencies noted on the day of this recertification survey.	K 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



2011-08-02 16:08

DC0547PM13501

149

8652125642 &gt;&gt;

423 857 7109 P 9/9

PRINTED: 07/28/2011  
FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN8205	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED  07/26/2011	
NAME OF PROVIDER OR SUPPLIER  INDIAN PATH MEDICAL CENTER TRANSITION		STREET ADDRESS, CITY, STATE, ZIP CODE 2000 BROOKSIDE DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies  There were no fire safety deficiencies noted on the day of this annual licensure survey.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

0000

82T521

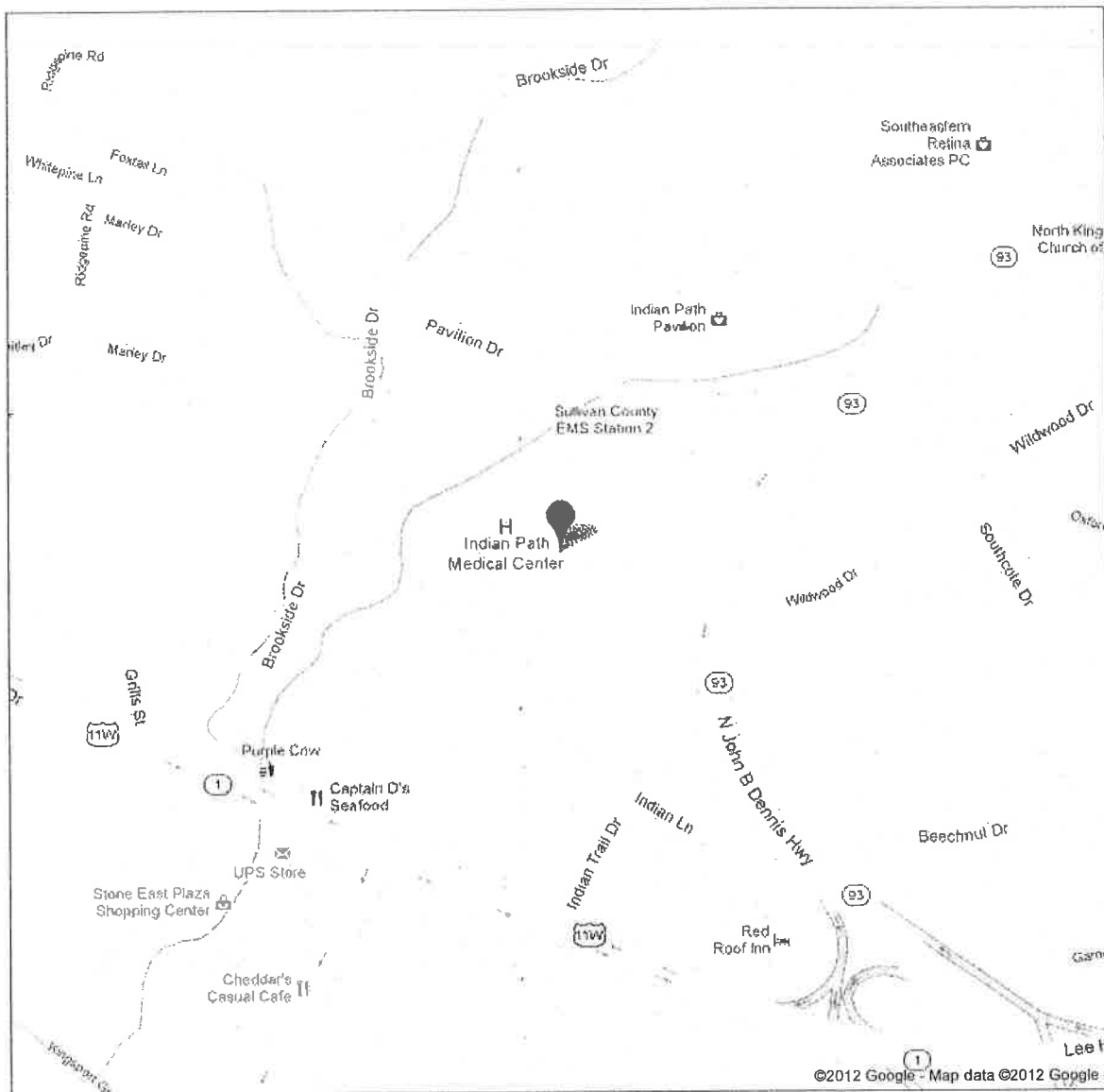
TITLE VP/CEO

(X6) DATE

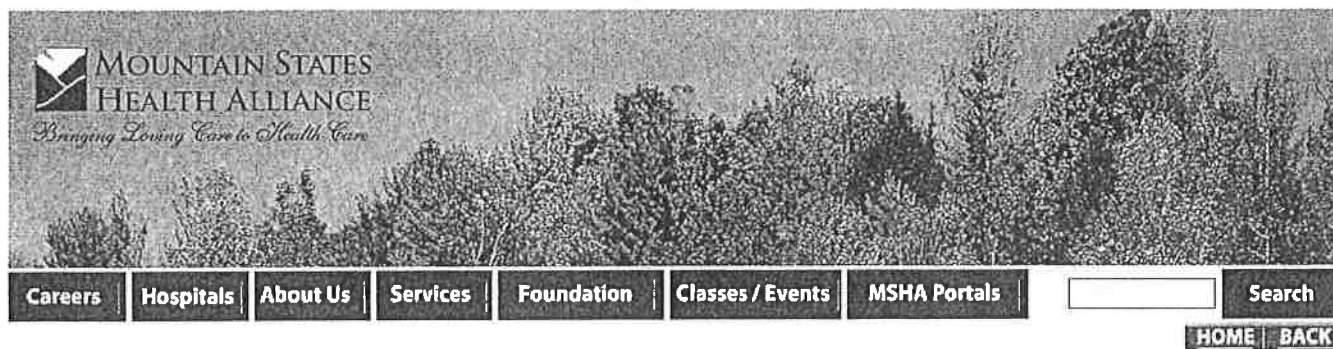
If continuation sheet 1 of 1

150

Google

Address **2000 Brookside Dr**  
**Kingsport, TN 37660****Indian Path Medical Ctr Transitional Care Unit**  
- 22 beds

135



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Mountain States Medical Group  
Consumer Portal  
WebNursery  
Online Billing  
Shopping  
eGreetings  
CarePages

## Indian Path Medical Center Maps, Directions and Location

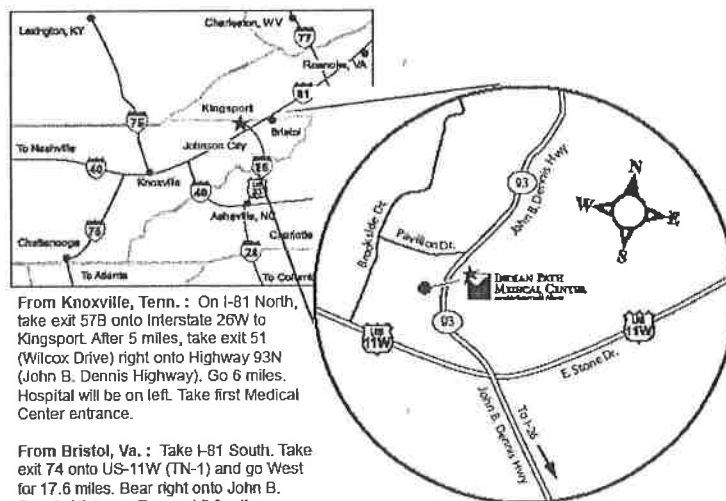
### Indian Path Medical Center Address

2000 Brookside Drive  
Kingsport, TN 37660  
Phone: 423-857-7000

### IPMC Internal Floor Maps

- [First/Main Level](#)
- [Second Level](#)
- [Third Level](#)
- [Fourth/Fifth Levels](#)
- [Sixth/Seventh Levels](#)

### Indian Path Medical Center Directions

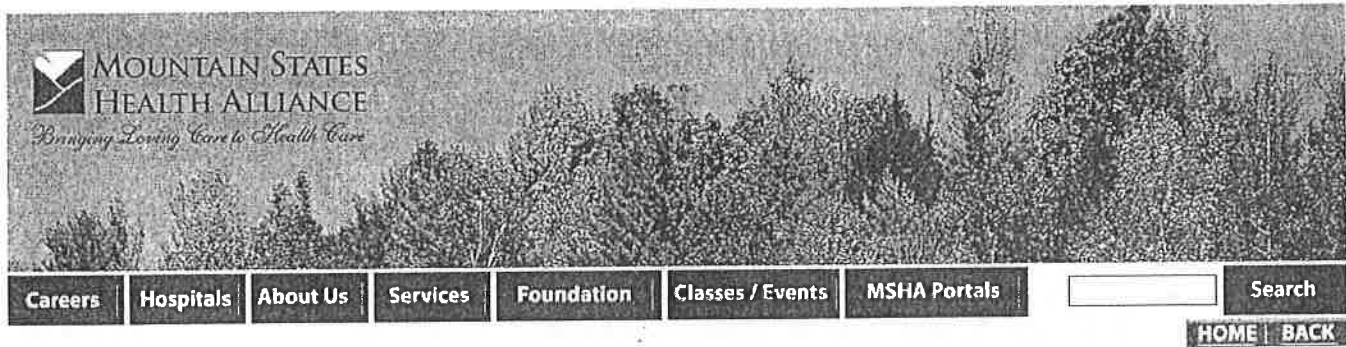


From Knoxville, Tenn.: On I-81 North, take exit 57B onto Interstate 26W to Kingsport. After 5 miles, take exit 51 (Wilcox Drive) right onto Highway 93N (John B. Dennis Highway). Go 6 miles. Hospital will be on left. Take first Medical Center entrance.

From Bristol, Va.: Take I-81 South. Take exit 74 onto US-11W (TN-1) and go West for 17.6 miles. Bear right onto John B. Dennis Highway. Proceed 0.2 miles. Hospital will be on left. Take first Medical Center entrance.

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the Joint Commission



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MEDICAL CENTER**  
Mountain States Health Alliance

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Mountain States  
Medical Group

Consumer Portal

WebNursery

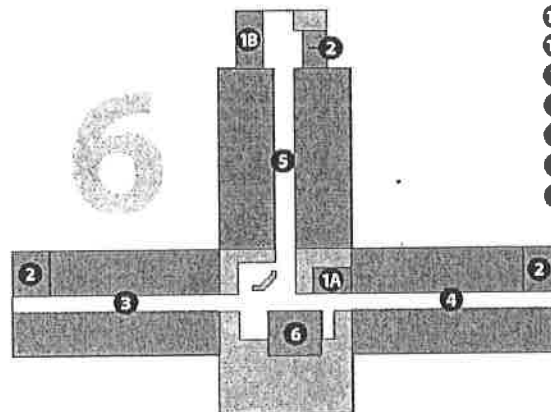
Online Billing

Shopping

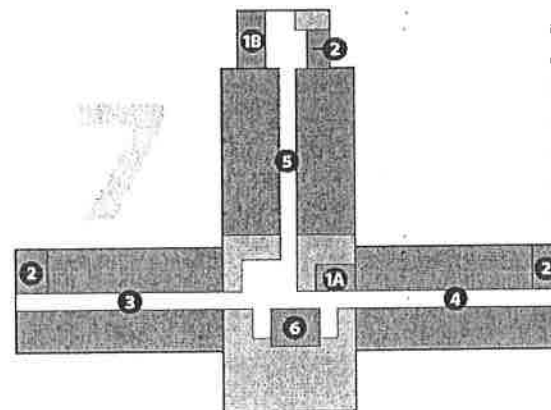
eGreetings

CarePages

## Levels 6 & 7



- 1A Elevators
- 1B Elevators
- 2 Stairs
- 3 601 - 612 (Spine Center)
- 4 614 - 624 (Surgical)
- 5 625 - 635 (Joint Replacement Center)
- 6 Inpatient Physical Therapy



- 1A Elevators
- 1B Elevators
- 2 Stairs
- 3 701 - 712 (Transitional Care)
- 4 Outpatient Offices
- 5 725 - 735 (Transitional Care)
- 6 Accounting/Social Services

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**Attachment – Proof of Publication**

December 4, 2012

Public Notices, Legal Advertising  
Kingsport Times News  
701 Lynn Garden Dr.  
Kingsport, TN 37662

Fax: 423-392-1385  
PHONE: 423-392-1311  
Email: [news@timesnew.net](mailto:news@timesnew.net)  
[Classifieds@timesnews.net](mailto:Classifieds@timesnews.net)

Dear Public Notices:

Please publish the attached document according to the instructions at the top of the attached document page on Monday the tenth (10) of December 2012. Also, please send us a copy of the notice and proof of publication (i.e. notary of publication). Please bill us for any cost incurred with regard to this request. Please send all correspondence to my attention at:

Bruce K. Duncan, National HealthCare Corporation, City Center, 100 Vine Street, 12th Floor, Murfreesboro, TN 37130.

I will need the proof of publication no later than December 13th (FAX 615-890-0123), and the original mailed to me on the same day. Thank you for your prompt attention to this matter.

If you have any questions please do not hesitate to call me at 615-890-2020.

Sincerely,

**NATIONAL HEALTHCARE CORPORATION**



Bruce K. Duncan, Assistant Vice President  
Director of Health Planning

Attachment



## PUBLICATION OF INTENT

2018 DEC 12 PM 3 03

### TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

#### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC at Indian Path \_\_\_\_\_, Nursing Home \_\_\_\_\_  
 (Name of Applicant) (Facility Type-Existing)

owned by: NHC at Indian Path, LLC with an ownership type of Limited Liability Company and to be managed by: NHC at Indian Path, LLC intends to file an application for a Certificate of Need for: the replacement and relocation of the existing licensed Indian Path Medical Center Transitional Care Unit comprised of all of said unit's 22 licensed beds (license number 00336), and the addition of 30 new Medicare certified nursing home beds for a project total of 52 nursing home beds to be called NHC at Indian Path and located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC at Indian Path will be certified for Medicare participation. The project will be located in the existing building at the site of the old Indian Path Pavilion. The estimated project costs is \$10,385,615.

The anticipated date of filing the application is: December 14, 2012

The contact person for this project is Bruce K. Duncan \_\_\_\_\_ Assistant Vice President \_\_\_\_\_  
 (Contact Name) (Title)

who may be reached at: National HealthCare Corporation \_\_\_\_\_ 100 Vine Street, 12<sup>th</sup> Floor \_\_\_\_\_  
 (Company Name) (Address)

Murfreesboro \_\_\_\_\_ Tennessee \_\_\_\_\_ 37130 \_\_\_\_\_ 615 / 890-2020 \_\_\_\_\_  
 (City) (State) (Zip Code) (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
 Andrew Jackson Building  
 500 Deaderick Street, Suite 850  
 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

## Attachment – Letter of Intent

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# Congress of the United States

House of Representatives  
2012 DEC 12 PM 3 03  
Washington, DC 20515-4201

COUNTIES:  
CARTER  
COCKE  
GREENE  
HAMBLEN  
HANCOCK  
HAWKINS  
JEFFERSON  
JOHNSON  
SEVIER  
SULLIVAN  
UNICOI  
WASHINGTON

November 14, 2012

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street  
Suite 850  
Nashville, TN 37243-0001

Dear Ms. Hill,

Please accept this letter as my support for NHC at Indian Path and its plans for the renovation of the Indian Path Pavilion for a new 52 bed facility. NHC is filing this CON based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,



David P. Roe  
Member of Congress TN-01

DPR/sh

# KINGSPORT™

Chamber of Commerce

*Partnership for Progress™*

November 14, 2012

Ms. Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Department Agency  
500 Deadrick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

Based on information provided by NHC emphasizing a projected skilled bed need and the creation of approximately 90 jobs, I am writing this letter to provide support for NHC at Indian Path's CON application.

Thank you for considering this application. If I can provide further support or answer any questions, please call me at 423-392-8807.

Sincerely,



Miles Burdine  
President & CEO

Cc: Monty McLaurin

CITY OF KINGSPORT, TENNESSEE

---

November 15, 2012

Ms. Melanie Hill  
Executive Director  
State of Tennessee  
Health Services and Development Agency

Dear Ms. Hill,

As Mayor, I am writing to give my support for NHC's plan to build a 52 bed skilled nursing facility at the previous Indian Path Pavilion location. In my opinion, based on the need information provided, this would be the most appropriate use of this facility.

I commend NHC for their vision in filling a need while utilizing an existing structure that has, for years, been unused for medical purposes. I wish them well in the fulfillment of their mission of care for the elderly.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis R. Phillips", is written over a circular stamp.

Dennis R. Phillips  
Mayor  
City of Kingsport





November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filling its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Frank Lauro, DO, FACOI  
VP/Chief Medical Officer



## INDIAN PATH MEDICAL CENTER

Mountain States Health Alliance

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Suresh Kumar Nekuri, MD



November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Vedire Vijaysen Reddy, M.D.



**INDIAN PATH  
MEDICAL CENTER**  
Mountain States Health Alliance

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Patrick Spivey, M.D.





November 12, 2012

Melanie Hill, Executive Director  
 State of Tennessee  
 Health Services and Development Agency  
 500 Deaderick Street, Suite 850  
 Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Carl Eric Bendeck, M.D.



November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Sudhirkumar Patel, M.D.



INDIAN PATH  
MEDICAL CENTER

Mountain States Health Alliance

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Stephen E. Dexter, M.D.



**INDIAN PATH  
MEDICAL CENTER**  
Mountain States Health Alliance

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

*Sandra Brooks, M.D.*

Sandra Brooks, M.D.



**INDIAN PATH  
MEDICAL CENTER**  
Mountain States Health Alliance

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,



Brandon Moore, DO



INDIAN PATH  
MEDICAL CENTER  
Mountain States Health Alliance

2012 DEC 12 PM 3 03

November 12, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

Gerardo Garcia, DO

**Copy**

**Supplemental #1**

**NHC at Indian Path**

**CN1212-059**

December 19, 2012

2012 DEC 21 AM 10 21

Mr. Phillip M. Earhart,  
Health Planner III  
State of Tennessee  
Health Services & Development Agency  
161 Rosa L. Parks Boulevard  
Nashville, TN 37203

VIA: Overnight Mail

RE: Certificate of Need Application CN1212-059 (Omission Response) Sullivan  
County, TN - NHC at Indian Path

Dear Mr. Earhart:

Enclosed please find the additional information to the above referenced CON  
application and supplemental request. This information has been submitted in triplicate

If there are any questions, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan  
Assistant Vice President & Authorized Representative for CN1212-059

Enclosure



**OMISSION RESPONSES  
TO  
NHC AT INDIAN PATH, LLC CON APPLICATION FOR:  
NHC AT INDIAN PATH  
52 BED NURSING HOME  
SULLIVAN COUNTY**

**December 21, 2012**

**ATTN: MR. PHILLIP M. EARHART, HEALTH PLANNER III**

**1. Section A, Bed Complement Data**

Please include the current 22 licensed beds in the bed complement chart and submit a replacement page.

**Please see the attached table revised as requested.**

The square footage chart indicates there will be a classroom, beauty/barber shop, sun porch etc. Please provide a description of the amenities provided by the proposed facility that promotes resident independence, organized activities, and resident privacy. Also, please provide a brief description of the physical plant and the type of rehabilitation services available.

Please note that on pages 7 – 9 a description of the physical plant and amenities provided in the proposed facility are detailed. Specifically, amenities provided that promote independence are the private rooms with private baths and center common areas which help to provide privacy and expanded areas to relax and rest while receiving services in the facility. The center will deliver Patient Centered Care, which focuses on the whole person, coordination and communication, patient support and empowerment, and ready access. The center will provide facility wide Wi-Fi for internet connection and flat panel TV's in the patient rooms and some common areas so patients can stay connected to the world during their short term rehab stay. In addition, newspapers and other reading material will also be provided for residents to help them occupy their time. For those that want to be involved in group activities, there will be organized activities offered everyday throughout the day, including activities within the center and trips outside the facility within the community.

Regarding rehabilitation services, the center will offer a state of the art therapy gym with 3,430 square feet of space. In addition to nursing, therapy services will be a hallmark service, and delivered according to the appropriate protocols used by the medical practice and/or physician attending to the patient. All three therapy disciplines will be offered, including Physical, Occupational and Speech therapy. The goal of the therapy delivered will be to help the patient return to their highest functioning level and to be discharged to the most appropriate independent living situation of their choice.

What is the distance from the current location to the proposed site for this project?

**According to the attached map, the current location to the proposed site for the project is 0.46 miles or one (1) minute travel time.**

Notes



**mapquest**

Trip to:

**2000 Brookside Dr**

Kingsport, TN 37660-4627

0.46 miles / 1 minute



**2300 Pavilion Dr, Kingsport, TN 37660-4622**



1. Start out going **west** on **Pavilion Dr** toward **Brookside Dr**. [Map](#)

**0.2 Mi**

*0.2 Mi Total*



2. Turn **left** onto **Brookside Dr**. [Map](#)

**0.2 Mi**

*0.4 Mi Total*



3. Take the **1st left** to stay on **Brookside Dr**. [Map](#)

**0.03 Mi**

*If you reach Bridgewater Ln you've gone about 0.1 miles too far*

*0.5 Mi Total*



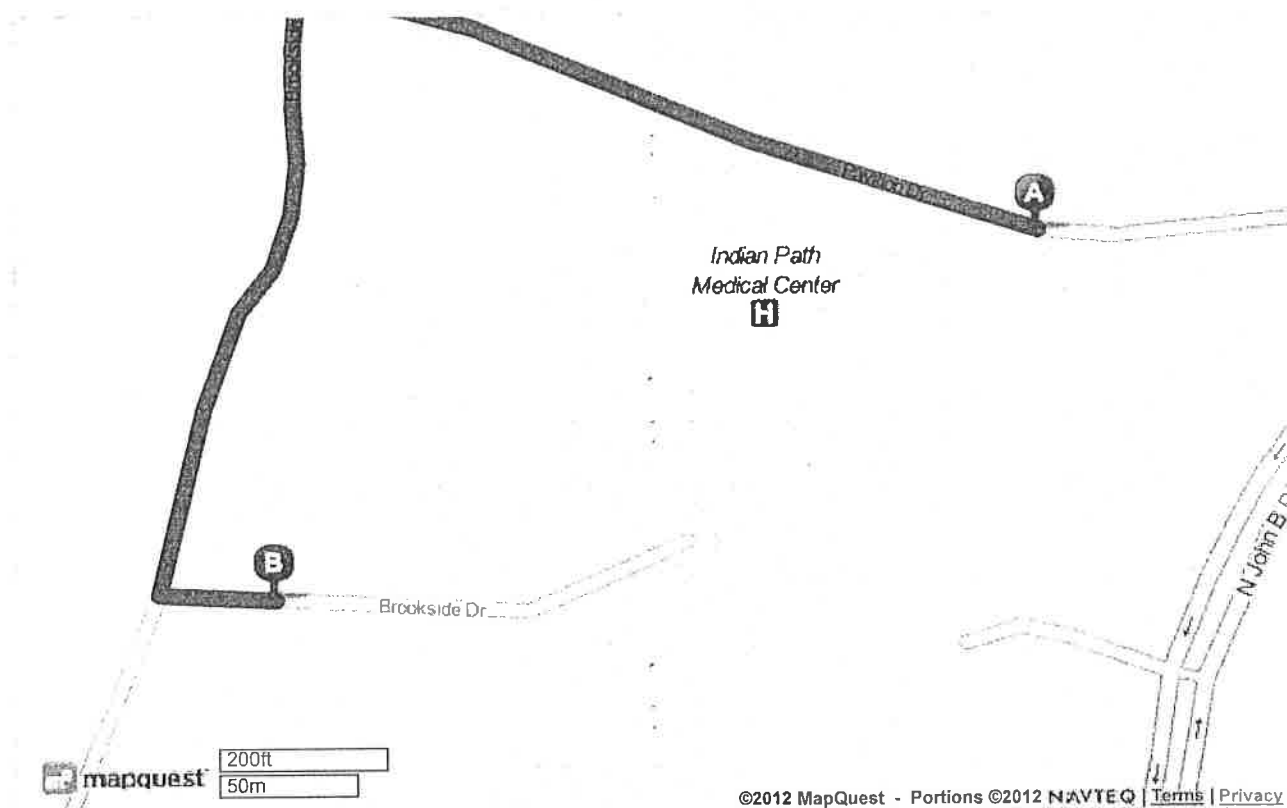
4. **2000 BROOKSIDE DR**. [Map](#)

*If you reach the end of Brookside Dr you've gone about 0.1 miles too far*



**2000 Brookside Dr, Kingsport, TN 37660-4627**

Total Travel Estimate: **0.46 miles - about 1 minute**



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**4. Section B, Project Description, Item III. (B)**

Please indicate the proximate distance the proposed facility is from any interstate system.

**According to the attached map, the distance of the proposed facility to the interstate is 5.12 miles or eight minutes' drive time.**

Notes



**mapquest**

Trip to:

**I-26 & W Stone Dr**

Kingsport, TN 37660

5.12 miles / 8 minutes



**2300 Pavilion Dr, Kingsport, TN 37660-4622**

1. Start out going east on Pavilion Dr toward N John B Dennis Hwy / TN-93 S. [Map](#) **0.1 Mi**  
0.1 Mi Total



2. Take the 1st right onto N John B Dennis Hwy / TN-93 S. [Map](#) **0.4 Mi**  
If you are on N John B Dennis Hwy and reach Crosscreek Apartments you've gone about 0.8 miles too far 0.6 Mi Total



3. Merge onto E Stone Dr / US-11W S / TN-1 W toward Rogersville. [Map](#) **4.4 Mi**  
5.0 Mi Total



4. Make a U-turn onto W Stone Dr / US-11W N / TN-1 E. [Map](#) **0.1 Mi**  
If you reach Union St you've gone a little too far 5.1 Mi Total



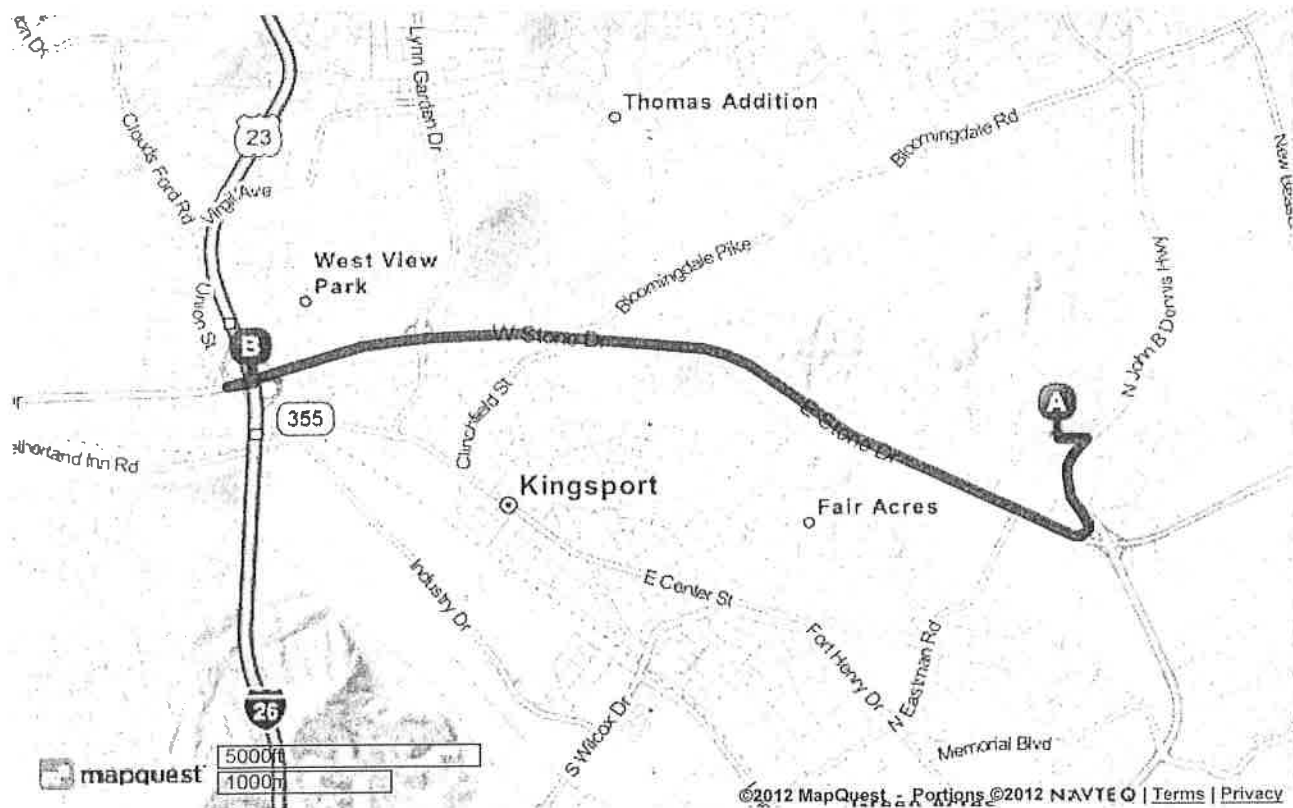
5. I-26 & W STONE DR. [Map](#)  
If you reach Riverside Ave you've gone about 0.2 miles too far



**I-26 & W Stone Dr, Kingsport, TN 37660**



Total Travel Estimate: **5.12 miles - about 8 minutes**



©2012 MapQuest, Inc. Use of directions and maps is subject to the MapQuest Terms of Use. We make no guarantee of the accuracy of their content, road conditions or route usability. You assume all risk of use. [View Terms of Use](#)

**5. Section C. Five Principles for Achieving Better Health, #4 Quality of Care**

The applicant refers to an attached NHC Survey Analysis Table. Please indicate where this table is located in the application.

**Please see the attached revised page 16 from the CON application which now reflects the page reference of page 41 for the Survey Analysis Table in the original submittal.**

2012 DEC 21 AM 10 21

**6. Section C. Need, 1.a., Specific Criteria, Item 4**

Please clarify if the intent of the referenced attachment is to provide nursing home resident information by county. It appears this attachment is misplaced.

The intent of the information provided it to provide both information on facilities in the county and the patients that occupy said nursing homes.

**7. Section C, Need, 1.a., Specific Criteria, Item 5.B.**

The applicant makes three separate statements regarding three separate unidentified nursing homes in the service area. Please identify the nursing homes the applicant is referring to in the statements.

<b>Indian Path Medical Center –TCU Bristol Nursing Home</b>	<b>Hospital Based Ownership Change in 2010 &amp; Designated Federal Special Focus Ctr. – 18 miles away from proposed project.</b>
<b>Greystone Health Care Ctr. Cambridge House</b>	<b>Blountville (approx.14 miles away) Location is 24.8 miles away from proposed site.</b>

**8. Section Need, 1.a., Specific Criteria, 5. B (3) Occupancy and Size Standards**

Please indicate the occupancy rate of Indian Path Medical Center's 22 bed transitional nursing home unit for the previous year and resubmit a replacement page.

The occupancy rates for Indian Path Medical Center – TCU for the last several years is as follows:

<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>% Occupancy</b>	<b>78.3%</b>	<b>71.7%</b>	<b>72.9%</b>	<b>77.6%</b>

Please see the attached revised application page.

**9. Section C, Need, Item 4.B**

The applicant addresses the accessibility of the proposed project to the elderly, women, racial and ethnic minorities and low-income groups. Please address any identified special needs of the service area population and how the business plans of the proposed facility will address those needs.

The focus of the proposed project will be the continued delivery of skilled Medicare services. Skilled care beds are what patients are typically admitted into when discharged from hospitals. Along with skilled nursing services, patients, depending on their needs, receive rehabilitation services from therapist. The proposed center will offer physical, speech, and occupational therapy and will focus on returning the patients to the highest level of independence as possible. All 52 of the proposed beds will be focused on short term skilled and rehabilitation services. Since the majority of the patients utilizing these services prefer a private room, all the proposed rooms will be private which the other licensed nursing homes do not offer.

**10. Section C., Need, Item 5**

Your response is noted. Please complete the following table:

**Sullivan County Nursing Home Utilization-2011**

Facility	Lic ens ed Be ds	SNF Beds- Medicare	SNF/NF Beds- Dually Certified	NF Beds- Medicaid	Licensed Only Beds Non- Certified	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	NF ADC	Total ADC
Bristol Nursing Home										
Holston Manor										
Greystone Health Care Center										
Brookhaven Manor										
The Cambridge House										
The Wexford House										
Indian Path Medical Center-TCU										
<b>TOTAL</b>										

Please see the completed attached table.

**Sullivan County Nursing Homes  
2011 - Provisional**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	SNF Medicaid ADC	SNF All other Payors ADC	NF - ADC (Medicaid/ Level I Only)	NF All other Payors ADC	Total ADC
1	Bristol Nursing Home	120	0	120	0	0	13	0.35	0	78	7	98
2	Holston Manor	204	0	204	0	0	28	2	0	206	28	264
3	Greystone Health Care Center	165	0	165	0	0	15	14	2	100	6	138
4	Brookhaven Manor	180	0	180	0	0	21	0	0	122	15	158
5	The Cambridge House	130					Information Not Available					
6	The Wexford House	174	0	174	0	0	26	6	2	107	25	166
7	Indian Path Medical Center - ICU	22	22*	0	0	0	16	0.46	1	0	0	17

\* Please note the 2011 Provisional JAR list the 22 beds as dually certified. This is an error. These beds are Medicare certified only.

Source: 2011 TN JAR Summary Reports, Schedule E - Beds  
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

**11. Section C, Need, Item 6**

Your response to this item is noted.

Please complete the following tables:

**Indian Path Transitional Facility Historical Data and Projected  
Utilization of the Proposed Project**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	NF ADC	Total ADC	Licensed Occupancy %
2009								
2010								
2011								
2012								
2013								
2014								
2015								

\* Includes dually-certified beds

Nursing Home	2012 Lic.'d Beds	2009 Patient Days	2010 Patient Days	2011 Patient Days	'09- '11 % Change	2009 % Occ.	2010 % Occ.	2011 % Occ.
Bristol Nursing Home								
Holston Manor								
Greystone Health Care Center								
Brookhaven Manor								
The Cambridge House								
The Wexford House								
Indian Path Medical Center-TCU								
<b>Total</b>								

Please see the attached completed tables.

# Indian Path Transitional Facility Historical and Projected Utilization

Year	Licensed Beds	Medicare-certified beds*	SNF Medicare/Level II ADC	SNF Medicaid Level II ADC	SNF All Other Payors ADC	NF ADC	Total ADC	Licensed Occupancy
2009	22	22	11.5	0.24	4.0	0	16	71.7%
2010	22	22	11	0.40	4	0	16	72.9%
2011	22	22	16	0	1	0	17	77.6%
2012	22	22	15	0	1	0	16	73.5%
Projected 2013	22	22	15	0	1	0	16	72.2%
Projected 2014	22	22	15	0	1	0	16	72.7%
Year 1 2015	52	52	14	0	10	0	24	46.1%

\* Includes dually-certified beds

Source: TN JAR Summary Reports, Schedule E - Beds  
JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care



**Sullivan County Nursing Homes  
2009 - 2011 Patient Days**

	NURSING HOMES	2012 Licensed Beds	2009 Patient Days	2010 Patient Days	2011 Patient Days	'09 - '11 % of Change	2009 % Occ.	2010 % Occ.	2011 % Occ.
1	Bristol Nursing Home*	120	11,388	35,854	35,785	214.2%	77.8%	81.9%	81.7%
2	Holston Manor	204	70,750	67,293	96,397	36.3%	95.0%	90.4%	129.5%
3	Greystone Health Care Center	165	47,892	52,419	49,639	3.6%	77.2%	84.5%	80.0%
4	Brookhaven Manor	180	59,758	57,813	57,648	-3.5%	91.0%	88.0%	87.7%
5	The Cambridge House	130	44,909	44,794	N/A	N/A	94.6%	94.4%	N/A
6	The Wexford House	174	60,095	60,646	60,682	1.0%	94.6%	95.5%	95.5%
7	Indian Path Medical Center - TCU	22	5,761	5,852	6,231	8.2%	71.7%	72.9%	77.6%

\* Bristol Nursing Home reported data from 9/1/2009 - 12/31/2009

Source: JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

2012 DEC 21 AM 10 21  
**12. Section C, Economic Feasibility, Item 4 (Historical Data Chart)**

Please indicate the beginning of the fiscal year in the blank provided on the chart.

The top of the chart states "NHC at Indian path 52 beds". Should the title be the actual 22 beds this historical chart represents for Indian path?

The patient days reported in "A Utilization Data" for 2010 and 2011 is slightly different than reported in the 2010 JAR (5,852 days) and the 2011 Provisional JAR (6,231 days). Please clarify.

Any corrections require a revised Historical Data Chart.

**Please see the revised Historical Data Chart which reflects a beginning fiscal year of July 1<sup>st</sup>. Also, the Chart has been revised to reflect the current license holder and facility name.**

**The difference in patient days is minimal and is not explainable by the applicant. Please note that both data sources were Mountain States Health Alliance, either publically available JAR data and/or internal financial records used by the applicant to prepare the Historical Data Chart.**

**Please note, the Historical Data Chart has no revisions to be submitted.**

**13. Section C, Economic Feasibility, Item 9**

Please clarify if the anticipated Medicare revenue includes crossover claims reimbursed by TennCare. Medicare crossover payments are normally made by the Bureau of TennCare separately from the Managed Care Contractors. Medicare crossover claims are claims that have been submitted to the Bureau of TennCare for Medicare cost sharing payments after the claim has been adjudicated by Medicare and paid by Medicare and Medicare has determined the enrollee's liability.

**Anticipated Medicare revenue does not include crossover claims reimbursed by TennCare. This 52 bed project will not participate in the Tennessee Medicaid program, thus this proposed 52 bed project will not bill TennCare for services or seek reimbursement from TennCare.**

**14. Proof of Publication**

Please attach the full page of the newspaper in which the notice of intent appeared with the mast and deadline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

**Please see the attached notice and affidavit documenting proof of publication.**



December 21, 2012

10:39 am

2012 DEC 21 AFFIDAVIT  
AM 10 21

STATE OF TENNESSEE

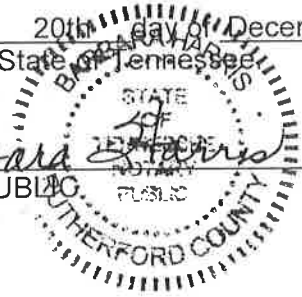
COUNTY OF RutherfordNAME OF FACILITY: NHC at Indian Path, LLC d/b/a NHC at Indian Path

I, Bruce K. Duncan, being first duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Assistant Vice President

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 20th day of December, 2012, witness my hand at office in the County of Rutherford, State of Tennessee.

  
Barbara Harris  
NOTARY PUBLICMy commission expires 9-20, 2015

HF-0043

Revised 7/02



March 12, 2013

Ms. Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
161 Rosa Parks Boulevard  
Nashville, Tennessee 37203

Dear Ms. Hill;

This letter is being sent to inform the Tennessee Health Services and Development Agency that The Cambridge House in Sullivan County opposes Application CN1212-059 filed by NHC at Indian Path, LLC, as we believe approval of this application fails to meet the criteria of the Certificate of Need process.

Representatives of our facility intend to be present at the meeting on March 27, 2013 to further express our opposition and ask that the application be denied by the agency.

Sincerely,

Suzanne Rich  
Administrator

# THE CAMBRIDGE HOUSE

March 12, 2013

Ms. Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
161 Rosa Parks Boulevard  
Nashville, Tennessee 37203

Dear Ms. Hill;

This letter is being sent to inform the Tennessee Health Services and Development Agency that The Cambridge House in Sullivan County opposes Application CN1212-059 filed by NHC at Indian Path, LLC, as we believe approval of this application fails to meet the criteria of the Certificate of Need process.

Representatives of our facility intend to be present at the meeting on March 27, 2013 to further express our opposition and ask that the application be denied by the agency.

Sincerely,



Suzanne Rich  
Administrator





2013 MAR 22 AM 9:11

March 11, 2013

Ms. Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

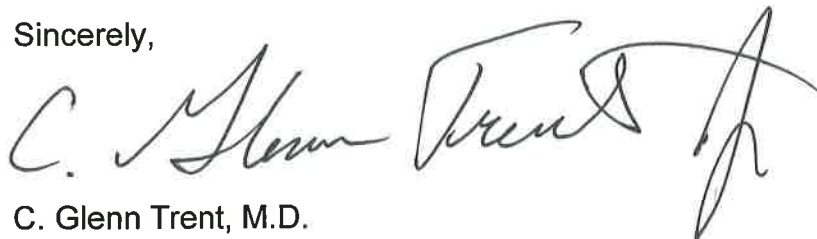
Dear Ms. Hill:

As the Chief of the Medical Staff at Indian Path Medical Center (IPMC) and the Managing Partner of Associated Orthopaedics of Kingsport, I want to express my support and hopeful anticipation of the availability of the model of care proposed within NHC at Indian Path's CON for a new 52 bed skilled bed facility in Kingsport, TN. The proposed model is unique to the Kingsport and surrounding area and will benefit both patients and referring physicians in this region.

As referrals to skilled facilities can be challenging to secure and often result in delays, the ability to pre-schedule post-acute admissions at NHC and ensure a seamless, timely transition will be a very valuable service to me, my patients, and my colleagues. In addition, the ability to set protocols for the care of my patients in the post-acute setting and the assurance that patients will receive care as outlined by the referring physician is a comforting and distinctive advantage of the proposed model from those available currently.

I ask you to favorably consider this proposal.

Sincerely,



C. Glenn Trent, M.D.



2012 NOV 26 AM 10:06

November 16, 2012

Melanie Hill, Executive Director  
State of Tennessee  
Health Services and Development Agency  
500 Deaderick Street, Suite 850  
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC at Indian Path's CON application for a new 52 skilled bed facility. NHC is filing its CON based on Sullivan County's projected skilled bed need. As a member of the Mountain States Health Alliance leadership team, I believe these additional skilled nursing beds will be needed to accommodate our county's growing age population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality care. I ask you to favorably consider this proposal.

Sincerely,

A handwritten signature in black ink that reads "Candace Jennings". The signature is fluid and cursive.

Candace Jennings, Senior Vice President  
Tennessee Operations  
Mountain States Health Alliance



# LETTER OF INTENT <sup>2012 DEC 10 AM 9:15</sup> TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper  
(Name of Newspaper)  
of general circulation in Sullivan, Tennessee, on or before December 10, 20 12,  
(County) (Month / day) (Year)  
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC at Indian Path Nursing Home  
(Name of Applicant) (Facility Type-Existing)


owned by: NHC at Indian Path, LLC with an ownership type of Limited Liability Company and to  
be managed by: NHC at Indian Path, LLC intends to file an application for a Certificate of Need  
for: the replacement and relocation of the existing licensed Indian Path Medical Center Transitional  
Care Unit comprised of all of said unit's 22 licensed beds (license number 00336), and the addition of  
30 new Medicare certified nursing home beds for a project total of 52 nursing home beds to be called  
NHC at Indian Path and located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC at  
Indian Path will be certified for Medicare participation. The project will be located in the existing  
building at the site of the old Indian Path Pavilion. The estimated project costs is \$10,385,615.

The anticipated date of filing the application is: December 14, 20 12

The contact person for this project is Bruce K. Duncan Assistant Vice President  
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12<sup>th</sup> Floor  
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020  
(City) (State) (Zip Code) (Area Code / Phone Number)

 12/3/12 Bduncan@nhccare.com  
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency  
Andrew Jackson Building  
500 Deaderick Street, Suite 850  
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

4. Eric Harkness has rejoined the Division of Health Planning as Assistant Director. Eric is credited for the difficult detailed work that went into the cardiac cath standards and criteria.

## **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber, Deputy Director, summarized the following CON applications:*

### **NHC at Indian Path, LLC - (Kingsport, Sullivan County) - Project No. CN1212-059**

The replacement and relocation of the twenty-two (22) bed Indian Path Medical Center Transitional Care Unit and the addition of thirty (30) new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain fifty-two (52) Medicare-only (skilled) nursing home beds. The estimated project cost is \$10,385,615.00.

## **DEFERRED TO THE MAY MEETING**

### **Baptist Memorial Rehabilitation Hospital - (Germantown, Shelby County) - Project No. CN1212-061**

*Mr. Gaither left meeting.*

Establishment of a forty-nine (49) bed inpatient rehabilitation hospital. If approved, Baptist Rehabilitation Hospital-Germantown will delicense its forty-nine (49) bed inpatient rehabilitation unit. The estimated project cost is \$33,167,900.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Suanita Jain, M.D., Medical Director, Baptist Rehabilitation-Germantown spoke on behalf of the project. Rudy Blank, Chief Strategy and Development Officer, Centerre Healthcare responded to questions by members. Present in support were: Arthur Maples, Director Government Operations, Baptist Memorial Health Care Corporation; Gregory M. Duckett, Sr. Vice President, Corporate Secretary, Baptist Memorial Health Care Corporation; Paul D. Murray, III, CPA, Vice President of Finance, Centerre Healthcare; and Brian Hogan, Administrator, Baptist Rehabilitation-Germantown.

Mr. Southwick moved for approval of the project for the establishment of a forty-nine (49) bed rehabilitation hospital to be constructed at 1238 and 1280 South Germantown Parkway, Germantown, TN, based on: 1) Need – The need has been demonstrated by it being an existing facility simply moving to a new location, and further coupled by the type of patient population it intends to serve; 2) Economic Feasibility – The project's financial feasibility has been answered during this hearing, and it has two (2) strong partners giving it financial backing; and 3) The project does contribute to the orderly development of adequate and effective health care as definitely answered by Dr. Jain with respect to the type of patient population and the need for private rooms. Ms. Burns and Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0].

## **APPROVED**

AYE: Jordan, Mills, Doolittle, Burns, Hodge, Byrd, Haik, Southwick, Johnson

NAY: None

## **GENERAL COUNSEL'S REPORT**

*Jim Christoffersen, General Counsel, summarized the following CON modification requests:*

### **Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger North Hospital - (Chattanooga, Hamilton County) - Project No. CN1012-056A**

*Ms. Burns recused.*

Request for a twelve (12) month extension of the expiration date from May 1, 2013 to May 1, 2014 and change of ownership to Standifer Place and new affiliate organization, Mature Care Transitional Unit, L.L.C. This project was approved at the March 23, 2011 Agency meeting for the establishment of a nursing home by converting thirty (30)\* acute care hospital beds to skilled nursing beds as well as the initiation of skilled nursing services. The estimated project cost was \$1,477,052.00.

HEALTH SERVICES AND DEVELOPMENT AGENCY

MARCH 27, 2013 MEETING

- PAGE 3 -

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
Division of Policy, Planning and Assessment  
615-741-1954**

**DATE:** February 28, 2013

**APPLICANT:** NHC at Indian Path  
2300 Pavilion Drive  
Kingsport, Tennessee 37660-4622

**CON#:** 1212—059

**CONTACT PERSON:** Bruce K. Duncan, Assistant Vice President  
National Healthcare Corporation  
100 Vine Street  
Murfreesboro, Tennessee 37130

**COST:** \$10,385,615

---

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2000 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, NHC at Indian Path, LLC, located in Kingsport (Sullivan County), Tennessee, seeks a Certificate of Need (CON) for the replacement and relocation of the existing licensed Indian Path Medical Center Transitional Care Unit comprised of all said unit's 22 licensed Medicare certified beds and the addition of 30 new Medicare certified nursing home beds for a project total of 52 nursing home beds to be called NHC at Indian Path and located at 2300 Pavilion Drive in Kingsport. NHC at Indian Path will be Medicare certified. The project will be located in the existing building at the site of the old Indian Path Pavilion Medical Center.

The applicant intends to convert the former Indian Path Pavilion specialty hospital into a skilled nursing facility with a focus on rehabilitation services. The project involves construction of 3,862 square feet at a cost of \$212 per square foot and renovation of 42,996 square feet at a cost of \$101 per square foot. The total cost of the construction/renovation will be \$5,161,300. The cost is reasonable and in line with similar NHC projects. The applicant estimates the total cost per bed will be \$235,362.

NHC at Indian Path, LLC has one member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare, Farragut. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. The applicant provides information regarding ownership in Attachment Section A, Applicant Profile - 4 Type of Ownership or Control.

The total estimated project cost is \$10,385,615 and will be funded through cash reserves as documented in a letter from the Senior Vice President and Controller in Attachment C.-Economic Feasibility-2.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

**NEED:**

The applicant's proposed service area is Sullivan County. The following charts illustrate the 2013-2015 total population and 2013-2015 age 65 and older population as designated in the Specific Criteria for Nursing Home Services in the Guidelines for Growth.

### Service Area Total Population Projections for 2013 and 2015

County	2013 Population	2015 Population	% Increase/ (Decrease)
Sullivan	154,387	154,820	0.3%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Policy, Planning and Assessment

### Service Area Age 65 and Older for 2013 and 2017

	2013 Population	2017 Population	% Increase/ (Decrease)
Sullivan	29,471	30,646	4.0%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Policy, Planning and Assessment

The following chart illustrates the 2010 nursing home utilization for Sullivan County.-

### Sullivan County Nursing Home Utilization 2011 (*Provisional*)

Nursing Home	Licensed Beds	SNF Beds-Medicare	SNF/NF Beds-Dually Certified	NF Beds-Medicaid	NF-ADC (Medicaid/Level I Only)	SNF Medicare Level II ADC	NF-ADC	Licensed Occupancy
Bristol Nursing Home	120	0	0	120	0	13	12	81.7%
Brookhaven Manor	180	0	0	180	206	28	25	87.7%
Greystone Health Care Ctr.	165	0	0	165	100	15	10	82.2%
Holston Manor	204	0	0	204	5	21	11	*141.0%
Indian Path Medical Ctr.	22	0	0	22	0	16	12	77.6%
The Cambridge House	130	0	0	130	0	26	12	93.0%
The Wexford House	174	0	0	174	0	16	11	95.5%
<b>Total</b>	<b>995</b>	<b>0</b>	<b>0</b>	<b>995</b>	<b>311</b>	<b>134</b>	<b>94</b>	<b>94.0%</b>

Source: *Joint Annual Report of Nursing Homes 2011, (Provisional)* Tennessee Department of Health, Division of Policy, Planning and Assessment

\*There appears to be an error in the reported utilization at Holston Manor.

Licensed Beds -Total beds in a nursing home licensed by the Tennessee Department of Health.

- SNF Beds, Medicare Skilled Nursing or TennCare/Level II beds where the payor source is either Medicare or Skilled Medicaid.
- SNF/NF Beds, Dually Certified-Medicare Skilled Nursing or TennCare/Level II and Intermediate Care or TennCare/Level I beds where the payor source is either Medicare or Medicaid.
- NF Beds-Medicaid-Intermediate Care or TennCare/Level I beds where the payor source is Medicaid.
- Licensed Only Beds Non Certified-Skilled Nursing and Intermediate Care beds. Payor source is private pay.
- SNF Medicare/Level II ADC-Average Daily Census for skilled patients whose payor source is Medicare. Average Daily Census is calculated by taking Medicare skilled/Level II patient days and dividing it by the number of days in a year (365) resulting in an average daily census.
- SNF Medicare/Level II ADC-Average Daily Census for skilled patients whose payor source is Medicare. Average Daily Census is calculated by taking Medicare skilled/Level II patient days and dividing it by the number of days in a year (365) resulting in an average daily census.

NF-ADC-Average Daily Census for Level I/Intermediate Care patients.

Facility Occupancy Rate for the total nursing home facility. Occupancy Rate is calculated by taking total patient days and dividing it by the number of beds available in a year.

Source: The definitions and presentation are done in accordance with Health Services and Development Agency Members and Staff requirements, October 2006.

According to the *Joint Annual Report of Hospitals, 2011 Provisional*, there are 995 nursing home beds in Sullivan County. Applying the need formula from the Specific Criteria for Nursing Home Services, the Division of Policy, Planning, and Assessment, determined there is a need for 1,460 beds. Subtracting the existing nursing home beds from the projected need, there is a need for 465 beds in the applicant's service area.

#### **TENNCARE/MEDICARE ACCESS:**

The applicant's funding sources will include Medicare, insurance, and private pay. The applicant will not participate in TennCare.

The applicant's projected first year revenue will consist of \$1,544,842, or 37.32% managed care, \$2,587,770, or 62.52% Medicare, \$3,207 Medicare Part B or 0.08% and miscellaneous \$3,127 or 0.08%.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

In the Project Costs Chart, the total estimated project cost is \$10,385,615, which includes \$344,800 for architectural and engineering fees; \$62,300 for legal, administrative, and consultant fees; \$2,703,000 for acquisition of site; \$5,161,300 for construction costs; \$516,200 for contingency fund; \$575,700 for fixed equipment; \$637,900 for moveable equipment; \$210,000 for landscaping and pre-opening; \$151,100 for interim financing; and \$23,315.18 for the CON filing fee.

In the Historical Data Chart, the applicant reports Indian Path Medical Center's Transitional Care 22 bed unit reported the number of patient bed days were 5,899, 6,265, and 5,939 in 2010, 2011, and 2012 with gross operating revenues of \$12,818,641, \$15,941,200, and \$16,498,486 each year, respectively. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$2,627,592, \$2,464,489, and \$2,087,429 each year. The applicant reported management fees paid to non-affiliates of \$2,890,182, \$2,952,251, and \$2,308,426 each year, respectively. The applicant reports a net operating losses of (\$3,092,091) (\$3,680,469) and (\$3,105,408).

In the Projected Data Chart, the applicant projects 8,741 patient days and 46.05% occupancy in year one and 17,870 patient days and 94.15% occupancy in year two with gross operating revenues of \$5,568,609 and \$11,561,689 in year two. Contractual adjustments, provisions for charity care and bad debt reduced net operating revenues to \$4,138,946 and \$8,630,809 each year, respectively. The applicant projects \$124,168 and \$258,924 for management fees to affiliates each year. The applicant projects a net operating income / (loss) of (\$1,105,448) in year one and \$224,889 in year two.

The applicant projects an average gross charge in year one of \$637.07, with an average deduction of \$163.56, resulting in an average net charge of \$473.51. In year two, the applicant projects \$646.99, with an average deduction of \$164.01, resulting in a net charge of \$482.98. The applicant compares charges with other providers on page 118 at the end of the application.

The applicant considered alternatives to this project including requesting more than 30 beds, requesting fewer than 30 beds and doing nothing. The current proposal is being pursued because it meets the projected needs of the health care community in Sullivan County.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

The applicant has transfer agreements with HealthSouth Rehabilitation Hospital, Indian Path Medical Center, Select Specialty Hospital, Belmont Bristol Regional Medical Center, Belmont Holston Valley Medical Center and other area Kingsport, Sullivan County and surrounding health care providers.

The applicant lists other contractual and working relationships on pages 37- 40 of the application.

The project will serve as an expansion of needed skilled nursing home beds and services in Sullivan County. The project is expected to have no negative effects on the health care system or duplicate services because the 30 beds represent only a fraction of the need in the service area.

The applicant projects it will require 1.0 FTE Director of Nursing, 8.4 FTE registered nurses, 4.2 FTE licensed practical nurses, and 22.4 aides/orderlies by year two of the project.

The applicant has established relationships with East Tennessee State University, Milligan College, King College, Northeast State Technical Community College, CNT School, Nashville Area Technical School, and Tennessee State Vocational College.

NHC at Indian Path intends to be licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. NHC at Indian Path is not currently licensed by the State of Tennessee and the building is vacant.

### ***SPECIFIC CRITERIA FOR CERTIFICATE OF NEED***

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition*.

### **NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

#### **A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus}\end{aligned}$$

*According to the Joint Annual Report of Hospitals, from 2011(Provisional data), there are 995 nursing home beds in Sullivan County. Applying the need formula from the Specific Criteria for Nursing Home Services, the Division of Policy, Planning, and Assessment, determined that there is a need for 1,460 beds. Subtracting the existing nursing home beds from the projected need of beds, there is a need for 465 beds in the applicant's service area.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Tennessee Department of Health.

*The bed need is projected two years into the future from the current year.*

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Tennessee Department of Health.



***Sullivan County Nursing Home Utilization 2011 (Provisional)***

<b><i>Nursing Home</i></b>	<b><i>Licensed Beds</i></b>	<b><i>SNF Beds-Medicare</i></b>	<b><i>SNF/NF Beds-Dually Certified</i></b>	<b><i>NF Beds-Medicaid</i></b>	<b><i>NF-ADC (Medicaid/Level I Only)</i></b>	<b><i>SNF Medicare Level II ADC</i></b>	<b><i>NF-ADC</i></b>	<b><i>Licensed Occupancy</i></b>
<i>Bristol Nursing Home</i>	<i>120</i>	<i>0</i>	<i>0</i>	<i>120</i>	<i>0</i>	<i>13</i>	<i>12</i>	<i>81.7%</i>
<i>Brookhaven Manor</i>	<i>180</i>	<i>0</i>	<i>0</i>	<i>180</i>	<i>206</i>	<i>28</i>	<i>25</i>	<i>87.7%</i>
<i>Greystone Health Care Ctr.</i>	<i>165</i>	<i>0</i>	<i>0</i>	<i>165</i>	<i>100</i>	<i>15</i>	<i>10</i>	<i>82.2%</i>
<i>Holston Manor</i>	<i>204</i>	<i>0</i>	<i>0</i>	<i>204</i>	<i>5</i>	<i>21</i>	<i>11</i>	<i>*141.0%</i>
<i>Indian Path Medical Ctr.</i>	<i>22</i>	<i>0</i>	<i>0</i>	<i>22</i>	<i>0</i>	<i>16</i>	<i>12</i>	<i>77.6%</i>
<i>The Cambridge House</i>	<i>130</i>	<i>0</i>	<i>0</i>	<i>130</i>	<i>0</i>	<i>26</i>	<i>12</i>	<i>93.0%</i>
<i>The Wexford House</i>	<i>174</i>	<i>0</i>	<i>0</i>	<i>174</i>	<i>0</i>	<i>16</i>	<i>11</i>	<i>95.5%</i>
<b><i>Total</i></b>	<b><i>995</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>995</i></b>	<b><i>311</i></b>	<b><i>134</i></b>	<b><i>94</i></b>	<b><i>94.0%</i></b>

*Source: Joint Annual Report of Nursing Homes 2011, (Provisional) Tennessee Department of Health, Division of Policy, Planning and Assessment*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

*The service area is Sullivan County and the facility is within 30 minutes travel time by the majority of the population.*

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

*There are no outstanding CON projects in the proposed service area.*

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*The service area occupancy is 94.0%*

**B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*The applicant projects over 90% occupancy in year two of operation.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently non-complying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*The applicant provides a survey history of the nursing homes in Sullivan County on page 40, Attachment Section C. General Criteria-2B.*

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*The existing 22 beds, currently operated and licensed to Mountain States Health Alliance, Inc. in the Indian Path Medical Center, has been operated within an acute care center, Seventh Floor, which historically has not operated at the occupancy of 95% due to the small number of beds available and based on how the hospital based skilled nursing home units typically operate.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This criterion is not applicable as this project is for the addition of 30 beds to an existing 22 bed facility.*